FINANCIAL TIMES

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WORLD NEWS

Kohl calls for wider INF talks

West German Chancellor Helmut Kohl yesterday called on the US and Soviet Union to extend their talks on eliminating intermediate nuclear forces to include short-range battlefield weapons up to a range of 500 km.

Only on this condition could Bonn accept the Soviet "double zero" proposal to abolish longer-range (1,000-5,000 km) and shorter-range (500-1,000 km) INF weapons. Back Page

Stepfather jailed

Nigel Hall was jailed for life at the Old Bailey for murder, for kicking to death his four-year-old stepdaughter Kimberley after burning her with a cigarette. Her mother, Pauline Carlile, was jailed for 12 years for cruelty.

Hull gunman wounds 10

A teenager fired a shotgun in a Hull bar, wounding 10 people, before shooting himself. He was taken to hospital, severely injured.

Liverpool arrests

Police investigating the award of council contracts arrested Liverpool's city architect, a councillor and three building company chiefs.

Hijacker fails

A young man took over a bus at a Warsaw Airport, demanding to be flown to Italy. He was overpowered after letting off a grenade which slightly injured a hostage.

'Gas plot' woman held

A woman was arrested in Cyprus over an alleged threat to release poison gas over Nocosia. Four people were earlier arrested in London.

S Africa expels reporter

South Africa ordered US freelance reporter Steve Mufson to leave the country.

Fijian ruler's plea

Fiji's new military ruler, Lt Col Sitiveni Rabuka, called on friendly countries to recognise his Government. Few looked likely to do so. Page 3

39 die in bus crash

At least 39 people died and 20 were hurt when a bus fell into a ravine in the northeast Indian state of Arunachal Pradesh.

Norway to debate EC

Norway's Government next week begins a public debate on the country's relations with the European Community for the first time in 15 years. Page 2

China denies clashes

China denied reports that fighting broke out with Indian troops along their border, but both sides are believed to have moved troops there. Page 3

Ariane to fly again

The European Ariane rocket is to resume satellite launches in August after a 15-month break caused by ignition failure on its last flight.

20 drown in storm

Twenty people drowned when a river boat capsized in a storm in north Sierra Leone.

Rita Hayworth dead

Actress Rita Hayworth died in New York at the age of 68. She had long suffered from Alzheimer's disease.

Bite worse than bark

Rotterdam police are hunting a bull terrier dog which has caused damage of £12,000 in a park by biting the trees.

BUSINESS SUMMARY

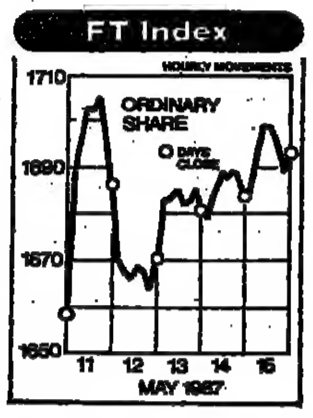
Tesco wins battle for Hillards

TESCO, UK supermarket chain, won its £220m bid battle for regional supermarket group Hillards, helped by support for the offer from institutional shareholders.

The result was criticised by Hillards' chairman Peter Hartley, who accused the large shareholders of a "selfish and irresponsible attitude." Tesco plans an immediate £3m refit of Hillards' 40 stores, most of which are in Yorkshire. Back Page

EQUITIES surged in London on news of the 18-point lead given to the Conservatives in the latest opinion poll. The FT-SE 100 Index rose 9.7 to a record 2,189.7, up 63.2 on the week. The FT Ordinary Index advanced 7.4 to close at a record 1,691.6, a gain of 32.9 on the week. London Stock Market, Page 14

FT Index



TOKYO'S stock market rose 77.59 points to close at a record 24,729.03 helped by confidence that the yen-dollar exchange rate would remain steady. Stock markets, Page 14

JAPANESE institutional investors are suddenly enthusiastic about UK securities, according to Japanese and British brokers. Page 12

TOSHIBA MACHINE, leading Japanese machine tool builder, was fined more than Y5bn (£21m) by its Government for breaking the law by selling strategically important technology to the Soviet Union. Page 2

ZAMBIA'S central bank sacked 10 more senior officials for their part in an alleged scandal. Page 2

UGANDA is to introduce a new currency and a devaluation of 76.6 per cent as part of an economic reform package agreed in part with the IMF and the World Bank. Page 2

CHANNEL TUNNEL: UK and French banks completed a £250m performance bond package, essential for the go-ahead of the £5bn undertaking. Back Page

UK DEFENCE equipment industry could lose about 100,000 jobs over the next three years because of the UK Government's defence policy, says brokers Scrimgeour Vickers. Page 5

BURTON GROUP chairman Sir Ralph Halpern and four executive directors have cashed in their company share option for a total profit of about £3.5m Back Page

BELHAVEN, Dunbar-based brewery, made a £98.2m recommended offer for restaurant chain Garfunkels, part of its strategy to increase investment in the leisure industry. Page 10; Lex, Back Page

P-E INTERNATIONAL is to buy fellow leading management consultancy Inbucon from Mr Saul Steinberg's Reliance Group in an £8.5m merger deal. Back Page

MARKETS

DOLLAR

New York lunchtime:
DM 1.778
FFr 5.9405
SFr 1.46
Y139.65

London:
DM 1.779 (1.787)
FFr 5.9475 (5.9625)
SFr 1.461 (1.469)
Y139.8 (139.5)

Dollar index 99.8 (100.1)
Tokyo close Y139.37

US LUNCHTIME RATES

Fed Funds 6 11/16%
3-month Treasury Bills:
yield: 6.09%
Long Bond: 98 1/4
yield: 8.87%

GOLD

New York: Comex June latest $471.8
London: $467.25 ($460.75)

STERLING

New York lunchtime $1.6795
London: $1.6785 (1.678)
DM 2.985 (2.9975)
FFr 9.9825 (10.005)
SFr 2.4525 (2.465)
Y234.5 (234.1)
Sterling index 73.6 (73.7)

LONDON MONEY

3-month interbank:
closing rate 8 7/8% (same)

NORTH SEA OIL

Brent 15-day June (Argus)
$18.95 ($18.75)

STOCK INDICES

FT Ord 1,691.6 (+7.4)
FT-A All Share 1,092.15 (+0.5%)
FT-SE 100 2,189.7 (+9.7)
FT-A long gilt yield index:
High coupon 8.88 (8.83)
New York lunchtime:
DJ Ind Av 2,307.16 (−18.33)
Tokyo: Nikkei 24,729.03 (+77.59)

Chief price changes yesterday, Back Page

Austria Sch 22; Bahrain Din 0.650; Belgium BFr 48; Canada C$1.00; Cyprus C£0.75; Denmark DKr 9.00; Egypt E£2.25; Finland Fmk 7.00; France FFr 6.50; Germany DM 2.20; Greece Dr 100; Hong Kong HK$12; India Rup 15; Indonesia Rp 3,100; Israel NS 3.50; Italy L1,600; Japan Y600; Jordan Fils 500; Kuwait Fils 500; Lebanon £L50.00; Luxembourg LFr 48; Malaysia Rin 4.25; Mexico Pes 300; Morocco Dh 6.00; Netherlands Fl 3.00; Norway NKr 7.00; Philippines Pes 20; Portugal Esc 100; S Arabia Rls 6.0; Singapore S$4.10; Spain Pts 125; Sri Lanka Rup 30; Sweden SKr 8.00; Switzerland SFr 220; Taiwan NT$65; Tunisia Din 0.900; Turkey L500; UAE Dh 6.50; USA $1.00; Bermuda $1.50.

Reagan takes responsibility for Contra aid decisions

PRESIDENT Ronald Reagan yesterday took personal responsibility for decisions to support the Nicaraguan Contra rebels during the Congressional ban on US military aid between October 1984 and 1986, and said he saw nothing wrong with either other countries or individual Americans supporting them, writes Lionel Barber in Washington.

Striking a defiant tone in the light of damaging testimony during the House-Senate public hearings on the Iran-Contra affair, President Reagan made no attempt to hide his own role, and suggested a majority of Americans supported opposition to a Soviet beachhead in Central America through Nicaragua.

"As a matter of fact, I was very definitely involved in decisions about support to the freedom fighters," he said.

The question of back-door financing and possible illegal supply of military weapons is being investigated by Congress and a special prosecutor pursuing a criminal inquiry. President Reagan's decision to take some responsibility, while not without risk, marks an attempt to dampen speculation about his own role.

The President, speaking to non-Washington editors and broadcasters in a question and answer session, also said he had trouble remembering a reported plan to ransom US hostages held in Lebanon. However, he suggested that the money might have been used to mount a rescue attempt.

Mr Robert McFarlane, President Reagan's former national security adviser, told the Iran-Contra hearings this week that the President and Mr Ed Meese, US Attorney-General, approved a secret rescue operation to free the hostages by paying $2m (£1.2m) in bribes and ransom.

Mr Marlin Fitzwater, Mr Reagan's White House spokesman, said earlier this week the "President did not know there was ever a plan for ransoming hostages." Yesterday's denial was far less categoric and was inevitable after Mr McFarlane stuck to his story while testifying under oath.

While President Reagan admitted direct involvment in decisions aimed at supporting the Contras, he denied being aware that profits from secret US arms sales to Iran were diverted to the Contra rebels during the Congressional ban. The disclosure last November that between $10m and $30m were skimmed off the arms sales sparked a scandal which has dominated the American opitical scene ever since.

In his session with reporters President Reagan gave hints of the White House defence in the coming weeks when further damaging testimony is likely to come from his former national security adviser, Admiral John Poindexter, who had succeeded Mr MCFarlane to the post, and Lt/Col Oliver North, the sacked White House aide.

The President said: "I don't see anything wrong with

Continued on Back Page
How "TC" hung around to make the drop, Page 2

Parties enter election battle on strident note

BY MICHAEL CASSELL, POLITICAL CORRESPONDENT

THE ELECTION battle was fully joined yesterday, with Mrs Margaret Thatcher, the Prime Minister, claiming "popular capitalism" was on the march and Mr Neil Kinnock, the Labour leader, warning that a third term of Thatcherism would condemn the country to a "life sentence" from which it would never recover.

With publication of the Tory and Labour manifestos still four days away, both party leaders signalled the start of their campaigns in confident and strident speeches which helped set the agenda for debate in the run-up to June 11.

Mrs Thatcher told Scottish Tories in Perth that, with Socialism in retreat, Conservatism was advancing because it was in tune with the aspirations of the electors.

Mr Kinnock, addressing the Welsh Labour Party conference in Llandudno, said Labour's impending election victory would see "squalid and brutal decline and division replaced with care and compassion."

Mrs Thatcher claimed Labour had "lost its grip on reality" and would offer an "iceberg manifesto, one-tenth of its socialism visible and nine-thenths beneath the surface." The Alliance programme, she claimed would be the "blurred manifesto" which would offer "easy reading for those with double vision."

Mrs Thatcher pledged that the Tory plans for a third term would not, as her opponents had claimed, involve any hidden manifestos but would prove that the Government was "just coming up to full steam."

She said critics would, in the name of morality, sneer at the growth in home and share ownership and call it materialism. But there could be no morality without freedom of choice and there was a strong moral case for reducing taxation.

It was not immoral for people to improve the standard of living of their families, she argued, and warned that any other party would overturn the advances made since 1979 and throw popular capitalism into reverse.

Tory morale was boosted further yesterday with the publication of the latest opinion poll conducted by NOP for the London Evening Standard, which puts the party's support at 46 per cent, an 18-point lead over Labour. The Alliance is in third place on 25 per cent.

The poll, completed before others which have already been published, would give the Conservatives an increased majority of 174 but, in a warning against complacency, the Prime Minister said voters could not be taken for granted; the party would have to fight to beat opponents who were preparing to indulge in a campaign of scares and smears.

Mr Kinnock staked his party's claim to the moral high ground, warning that Britain could not afford the 13 years of Thatcherism that another Tory election would bring.

He said that Mrs Thatcher, "by privatisation, means tests, deprivation and division, wants

Continued on Back Page
Other election news, Page 4

US prime up to 8.25% as price rises accelerate

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

LEADING US commercial banks raised their benchmark prime lending rates yesterday by a quarter of a percentage point to 8.25 per cent, the third such increase in the last six weeks.

The interest rate rise came as evidence emergd that the pace of US inflation is accelerating.

The prime rate move, led by Chase Manhattan Bank came shortly after the Labor Department announced that the producer price index jumped 0.7 per cent in April, the biggest rise since October 1985 and a much larger than expected increase.

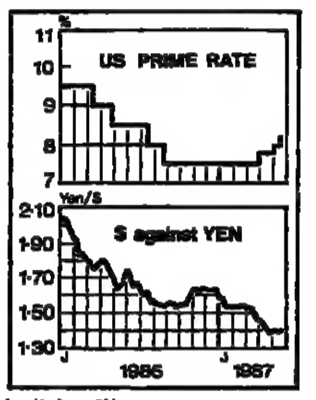
Food, energy and car prices accounted for much of the April increase. The rise means that wholesale price inflation for the first four months of the year ran at an annual rate of 5.1 per cent, compared with a 2.3 per cent decline for 1986.

Wall Street's financial markets have become increasingly edgy about the inflation outlook in recent weeks as the sharp fall in bond prices has shown. In the first quarter, consumer prices rose at an annual rate of nearly 6 per cent.

After yesterday's news, some New York bond traders again called for the Federal Reserve Board, the US central bank, to raise its discount rate. They believe that this would be interpreted as evidence of the Fed's determination to fight inflation and to stablise the dollar.

In Washington a discount rate increase would be politically controversial as the US economy is generally seen to be weak. Yesterday, for example, the Fed reported that in April industrial production fell 0.4 per cent.

Janet Bush in London writes: The dollar came under stiff initial selling pressure yesterday in Europe but was helped during afternoon trading by the prime rate increase and speculaton about a discount rate increase.



Nevertheless, in London the dollar ended lower at DM 1.7790 compared with Thursday's closing DM 1.7870, but remained firmer at Y139.80 after Y139.50.

Sterling continued to find healthy demand in active business, prompting modest intervention by the Bank of England. Its trade-weighted index ended at 73.6 compared with Thursday's closing 73.6. The pound closed lower at DM 2.9850 compared with Thursday's closing DM 2.9975.

Roderick Oram in New York writes: On Wall Street, stock and bond markets fell sharply.

The price of the benchmark 30-year Treasury bond fell by 2¼ points to 98 5/32 in afternoon trading as its yield rose to 8.93 per cent from 8.73 per cent in heavy trading. In the equity market, the Dow Jones Industrial average was down 40 points by mid-afternoon.

Money markets, Page 14

Inflation rate higher than at last general election

BY PHILIP STEPHENS, ECONOMICS CORRESPONDENT

THE GOVERNMENT will go into the general election with the inflation rate higher than when it returned to office in 1983, following a sharp rise in prices last month.

The retail price index rose by 1.2 per cent last month, the largest monthly increase for two years. The rise took the annual inflation rate to 4.2 per cent in April compared with 4.0 per cent the previous month and 3.7 per cent at the time of the June 1983 election.

The rate of price increases is expected to slow later this year, and the Bank of England suggested earlier this week that it will be back below 4 per cent by the end of the year. The opposition, however, seized on the fact that prices are now rising faster than at the beginning of the present parliament.

Mr Ian Wrigglesworth, the Alliance trade and industry spokesman, said that the figures were bad news for industry and the unemployed. He added: "Since Mrs Thatcher became Prime Minister, inflation in Britain has been higher every single year than in Germany, Japan and America."

Mr Roy Hattersley, shadow chancellor, said the figures belied claims by the Government that it had got prices under control. Britain's performance was now worse than that of Italy, he said.

Mr Kenneth Clarke, Paymaster General, said he was confident the pace of price rises would slow again next month and claimed that the policies of Labour and the Alliance would sent inflation soaring again.

The sharp rise in prices last month was mainly the result of the annual increase in local authority rates and rents and of higher prices for some seasonal foods, cars and motor insurance.

Ironically, the Government's

Continued on Back Page

Record loss for Rover Group

BY JOHN GRIFFITHS

THE STATE-OWNED Rover Group made a record net loss of £892.1m last year. This compares with a £138m deficit in 1985, and a previous record net loss of £528.1m in 1980.

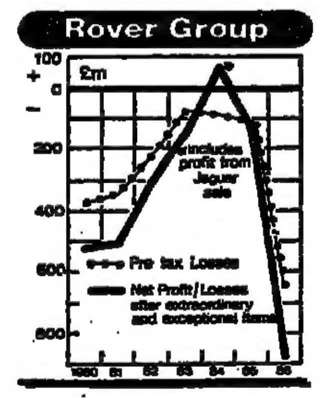
Rover's preliminary results, published yesterday, show £539.2m accounted for by exceptional and extraordinary losses associated with restructuring and the sale of businesses like Leyland Trucks, Leyland Bus and Unipart. These are more than covered by the Government's provision of £680m in new equity in March.

Austin Rover, the volume cars division and now overwhelmingly the largest group company, saw its operating loss increase eight-fold to £166.6m from £19.3m.

Lower sales volumes, poor profit margins and the launch costs of products like the Rover 800 were mainly to blame, the company said. The restructuring would lead to the elimination of "substantial operating losses" in the future.

The one-off costs include provision for a 1,250-job redundancy programme which has only recently got under way. Mr Graham Day, Rover Group chairman, said he believed the restructuring action taken last year "will be seen as a turning point."

Rover Group



Operating losses in the first three months of this year were less than half the £30m of the same period last year, thanks to a 17 per cent rise in exports and a slight increase in UK sales volume, he said.

"Taking into account the increased productivity and the progressively beneficial effect of the cost reduction programmes which have been introduced, the group's financial performance for the full year, I believe, will be significantly better than last year."

A considerable element in any such improvement is expected to be revenue from the US, where both the Rover 800 and Range Rover have only recently gone on sale.

The slimmed down group's overall operating loss also rose sharply to £240.7m from £34.6m in 1985. Businesses now sold accounted for £82.7m of that.

Land Rover group continued marginally profitable, earning an unchanged £3.3m at the operating level. But the operating profits of other activities, notably the Istel software subsidiary and Gaydon Technology, fell from £9.6m to £5.3m.

Total turnover was virtually unchanged at £3.412m (£3.415m). Vehicle production last year was 476,000, down sharply from 1985's 557,000. Sales exceeded output at 494,000 but were also down on the 542,000 of 1985.

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WEEKEND FT

ROOSEVELT'S CHILDREN

A generation which remembers nothing of the pre-war period has grown up, inheriting the task of making the post-war world order work. Who are its would-be leaders?
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Two Cup Finals for soccer fans—and a rugby World Cup preview
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France 'set for lower growth, higher inflation'

BY DAVID HOUSEGO IN PARIS

FRANCE will have lower growth and higher inflation this year under revised and increasingly pessimistic forecasts for the economy presented by the government statistics institute, Insee yesterday.

The institute now foresees real GDP rising by only 1.5 per cent this year as against its initial forecast of 2.8 per cent as a result of both the downturn in the world economy and a weakening of domestic demand.

At the same time, it sees inflation rising to 3.5 per cent by the end of the year as against 2.1 per cent in 1986—thus breaking the disinflationary momentum for the first time since 1982.

As the result of the lower level of activity in the economy, it forecasts that unemployment will rise to 2.8m or 11.7 per cent of the workforce from a current level of 2.675m (11.1 per cent).

It also projects that the trade balance will fall back into deficit—more than FFr 20bn—after being in equilibrium last year.

In what is effectively an election year, the slow-down in activity and the worsening employment picture is bound te renew the pressure on the government to stimulate investment.

But the more immediate worrying factor is the upward turn in inflation as it risks triggering off fresh wage demands.

Public sector wage settlements this year were based on an anticipated 2 per cent inflation rate.

On top of the now expected loss of purchasing power due to inflation likely to be 1.5 per cent higher, wage earners are also expected to suffer a 1 per cent increase in social security contributions in the coming weeks to reduce the deficit in the social security fund.

Insee nonetheless emphasised yesterday—a point which the Government has also been keen to make—that even with a 3.5 per cent year-on-year inflation rate, the inflation gap with West Germany will fall to 2 per cent by the end of the year.

The Insee report shows that the weakening of domestic demand stems both from a slowing of investment and consumption. Production investment will rise by only 3 per cent this year in constant prices after 3.8 per cent in 1986.

Industrial investment will be flat at between 2.4-3 per cent in 1986-87 after a 9.1 per cent increase in 1985, in spite of a substantial rebuilding of company profits.

Household consumption will also slow down because of the decline in purchasing power.

On the external side, the institute expects a further shrinking of France's surplus of industrial goods from FFr 89bn to 1985 to FFr 35bn last year and an anticipated FFr 18bn this year.

It sees this as a result of both the downward turn in export markets and a further loss of competitiveness of the franc.

The current account is nonetheless expected to show a FFr 10bn surplus.

Contras unite in attempt to retain US support

BY ROBERT GRAHAM

THE SHAKE-UP in the leadership of the anti-Sandinista Contra rebels aims to present a more united front and to boost chances of retaining US congressional backing in their struggle against the marxist-orientated Nicaraguan Government.

However, despite the introduction of a seven-man directorate, real power remains in the hands of Mr Adolfo Calero, who heads the Nicaraguan Democratic Force, the largest military group among the Contras.

The directorate will preside over an umbrella grouping that for the first time combines the Honduran-based United Nicaraguan Opposition and the Southern Opposition Bloc. UNO which accounts for more than 80 per cent of the approximate 16,000-man Contra strength, is dominated by Mr Calero's group, many of whose military commanders have links with the former National Guard of the former Somoza dictatorship. BOS has traditionally operated out of Costa Rica. But since last year President Oscar Arias has refused to let them conduct military operations from Costa Rican soil.

The reorganisation follows intense pressure by the Reagan Administration in the wake of the serious differences that erupted three months ago. Then Mr Arturo Cruz, the most democratically respectable of the Contras and a former Sandinista ambassador to Washington, resigned from the three-man leadership of UNO. This followed differences with Mr Calero over the latter's control and the dominance by the military element among the Contras. Since 1981 there have been four major reorganisations in the Contra leadership.

US to simplify curbs on high-tech for Sweden

BY SARA WEBB IN STOCKHOLM

MR MALCOLM BALDRIGE, US Commerce Secretary, said yesterday that the US will simplify controls on its exports of high technology to Sweden in an effort to reduce trade barriers between the two countries.

The announcement, which Mr Baldrige made before the Stockholm International Chamber of Commerce, was welcomed by Swedish trade officials and businesses as it should mean a relaxation of US restrictions on high-tech exports to Sweden and reduce bureaucratic procedures.

It would also allow Sweden to re-export these products to members of COCOM, the co-ordinating committee which controls sensitive high-tech exports. Sweden is the first non-COCOM country to receive such permission.

Swedish companies have been fined in the past for selling US components to the Eastern bloc, but Mr Baldrige said: "Within the past year, Sweden has taken noticeable steps to prevent the use of its territory for technology diversion."

Mr Baldrige took the opportunity to praise Sweden for achieving one of the world's highest standards of living through open markets and free trade policies but he urged the country to eliminate its "few remaining trade barriers—such as those in telecommunications."

He launched a strong tatack on Japan over its dumping of semiconductors and said that despite its position as the world's second-largest economy, Japan has not taken its place as a practitioner of two-way free trade.

"It's $86bn (£53bn) current account surplus is one of the largest destabilising forces in the world economy," he declared.

The US trade deficit was "unsuitable" and had to be brought down without triggering a global recession or using destructive trade practices. The emphasis in future should be on faster economic growth outside the US, he added.

Toshiba penalised for machine tool sale

By Ian Rodger in Tokyo

JAPAN HAS imposed heavy penalties on a leading machine tool builder for selling sophisticated machine tools to the Soviet Union in 1981 in contravention of laws designed to prevent the transfers of strategically important technology and machinery to the East Bloc countries. The penalties will cost the company Y5bn (£21m).

A senior foreign ministry offical said yesterday the unprecedentedly harr!: penalties imposed on Toshiba Machine, a subsidiary of the giant Toshiba electrical group, reflected the seriousness with which the Government viewed the offence.

Soon after the Government announced the penalty, Toshiba Machine held an emergency executive board meeting and its president Mr Kazuo Iimura, resigned, the company said.

Mr Yukio Okamoto, director of the national security division of the Foreign Ministry's North American affairs bureau, said Toshiba Machine had made "false statements" in its application to the Ministry of International Trade and Industry in 1981 for permission to export four machines.

Toshiba had said the machine tools, worth Y3.2bn, were not sophisticated enough to warrant prohibition under rules established by the west's co-ordinating committee for export control to prevent high technology transfer to the Soviet bloc.

Specifically, Toshiba said the machines were capable of controlling metal cutters working in only two axes. In fact, according to Mr Okamoto, the machines and the Norwegian numerical control computers which went them were capable of operating on nine axes simultaneously, provided that additional programming was provided. The additional programming was provided in 1983, and is still being investigated by the Japanese Government. Mr Okamoto said there was a strong suspicion that Toshiba supplied it without having obtained permission.

Allegations first emerged from US sources last month about the Toshiba machine tools sales. It was claimed that the tools enabled the Soviet Union to manufacture drive screws that would make submarines much quieter and thus less easily detected. A bill was introduced in the US Congress proposing to block all exports to the US by Toshiba group companies because of the breach of the law.

The penalty imposed on Toshiba Machine, under Japan's foreign export and foreign trade control law, prohibit it from exporting any product to 14 Communist countries for one year. Last year, Toshiba Machine exported Y5bn of equipment to these countries.

The company, which had pretax profits last year of Y2bn, will also have to pay any penalties imposed by its East Bloc customers resulting from failing to meet contracts. The government will also be watching carefully to make sure that the company does not divert machinery to other markets.

The leading trading house, C. Itoh, which was involved in the sale of the machines, has been instructed not to export machine tools to Communist countries for three months. Mr Okamoto said the role of Itoh in the transaction was still not clear, and investigation continued. Itoh's sales of machine tools to the 14 east bloc countries were worth Y10.3bn.

Another small trading company, Wako Koeki, which specialises in dealing with East Bloc countries, was also involved in the deal and has been given a warning.

Mr Okamoto said Japan had been in touch with Norway about the Kongsberg computer. An inquiry was going on in Norway, he said.

Lionel Barber describes the way a 'secret war' believer spoke about his shadowy role

How 'TC' hung around to make the drop

HE LOOKS three feet wide coming on seven feet tall, a Stanford University graduate who could easily be taken for a member of the varsity sculling team.

In fact, he is Robert W. Owen, alias "TC" alias "the courier"—the go-between for Lt-Col Oliver North in the Reagan Administration's secret war against the Sandinista Government in Nicaragua.

On Thursday afternoon, Mr Owen described how on rainy nights he hung around on street corners near the White House waiting to make "the drop."

A car would pull over, and Mr Owen would hand an envelope stuffed with maps and cash, provided courtesy of Col North, to one satisfied Nicaraguan Contra rebel leader, presumably wearing dark glasses. All part of a day's work in support of the cause — fighting Communism in Central America.

Mr Owen, like Col North, Admiral Poindexter, retired Major-General Richard Secord and the other chaarcters in the Iran-Contra affair, is a true believer.

Indeed, in an opening statement to the joint House and Senate panel investigating the affair, he made his belief clear: Congress has neither the right nor the power to stop him from pursuing the cause.

During his testimony, Mr Owen often offered a sheepish grin by way of explanation. Yes, it was true that Col North on occasions called himself "Steelhammer," and yes sir, it was correct that the Contra rebel leader and military coordinator Mr Adolfo Calero went under the code name "sparkplug."

It was the first time "TC" had spoken out about his shadowy role in Col North's underground private aid network since the Iran-Contra scandal broke.

He had been identified, however, more than a month earlier after his business card turned up in a cargo aircraft carrying army boots and weapons, downed by the Sandinistas in the Nicaraguan jungle.

Mr Owen is not a man of many words, indeed many of

Robert Owen, right, with lawyer Melvin Greenbaum

them are incomprehensible to anyone outside the tightly-knit US Marine and intelligence world which is so much part of the Iran-Contra story.

Some of the intelligence maps and photos delivered to the Contras came from "the people across the river," meaning the Pentagon, or "the people over the river," a reference to Langley, headquarters of the Central Intelligence Agency.

If you are confused, so are some of the members of the joint Congressional committee. They thought that they, Congress, had banned all direct and US military aid to the Contras between October 1984 and October 1986—under the so-called Boland Amendment.

The White House, watching helplessly as the story unfolds on Capitol Hill, has been hard put for an explanation

Mr Marlin Fitzwater, President Reagan's chief spokesman, pointed out that at least five versions of Boland had been passed by Congress. "What we are saying, very simply, is that there seems to be a great deal of confusion about the Boland amendment."

President Reagan's former National Security Adviser, Mr Robert McFarlane, admitted this week that he did not do the obvious thing and talk to a lawyer.

But he did tell his staff not to "solicit, encourage, coerce or otherwise broker financial contributions to the Contras."

It sounds plain enough. But somebody, somewhere was listening to another voice.

UK envoy pleads for expelled journalists

BY ANTHONY ROBINSON IN PRETORIA

SIR Patrick Moberley, the British Ambassador, yesterday met Mr Stoffel Botha, the South African Minister for Home Affairs, and urged him to reconsider the government's decision to expel two British television reporters.

Hours earlier Pretoria told an American reporter, Mr Steve Mufson, to leave the country after refusing to prolong his work permit which expired two months ago. Mr Mufson, who writes for the American magazine Business Week and who used to be the Wall Street Journal correspondent, is the eighth South Africa-based foreign corresponden to be expelled in the last year.

Meanwhile two South African journalists from the Sunday Star newspaper in Johannesburg and their driver were detained in the KwaNdebele homeland under the emergency regulations.

They were investigating reports of growing protest against the decision last week by the KwaNdebele legislative assembly, headed by Chief Minister George Mahlangu, to apply again for so-called "independent homeland" status.

In Pretoria the Transvaal Supreme Court yesterday sentenced Major Andre Pienaar, an Afrikaner serving in the SA Defence Force, to seven years in jail, after convicting him of charges connected with spying for the African National Congress.

● The first round of this year's pay negotiations for more than 500,000 black miners began yesterday as the National Union of Mineworkers presented a claim for a wage increase of r- to 55 per cent for lower paid workers and improved fringe benefits.

Negotiations with the Chamber of Mines opened against the background of another serious mining accident. Five gold miners were killed and three injured in a deep level pressure rock burst at the ERPM gold mine near Boksburg yesterday.

The situation was also still tense at Gencor's Leslie gold mine at Evander where fighting has claimed six lives over the last week. Mine safety, and moves to phase out the tribal mine hostel system, are key elements of negotiations linked to the annual pay round

Aim is deterrence of aggression, says Nato

THE FOLLOWING is an extract from a final communiqué issued by Nato after its Nuclear Planning Group meeting:

Deterrence of any aggression continues to be the central security objective of the Alliance.

To that end, in this the year of the 20th anniversary of the adoption of the strategy of flexible response, we noted that this strategy has stood the test of time and remains an essential and sound basis for the future security of all Alliance members.

While improving Nato's conventional forces, we will maintain and improve the nuclear forces necessary to carry out that strategy.

In that context, we noted with concern the existing imbalances between Alliance and Warsaw Pact nuclear, conventional and chemical forces, as well as the unabated expansion of Warsaw Pact military capabilities across the board.

Efforts to secure equitable and effectively verifiable reductions in military forces, both conventional and nuclear, are an integral element of our security policy in seeking to achieve a more stable and secure environment at lower levels of armaments.

It is in our security interests that agreements ensure detailed, specific arrangements providing for effective verification. We reject generalised undertakings on verification as an acceptable basis for sound agreements.

During our continuing consultations on INF (Intermediate-range Nuclear Forces) arms control, we welcomed the improved prospects for a longer-range INF agreement between the US and the Soviet Union encompassing significant reductions in nuclear forces.

We reaffirmed that appropriate global constraints on shorter-range missile systems are indispensible.

We stressed the requirement to eliminate all US and Soviet LRINF (Long-Range Intermediate Nuclear Forces) missiles and called on the Soviet Union to drop its demand to retain a portion of its SS-20 force.

A global zero outcome, a long-standing Nato objective, would further reduce the Soviet threat, and greatly facilitate verification.

Mr JACQUES CHIRAC, the French Prime Minister, held Kremlin talks on the strains between Moscow and Paris yesterday, after hearing a warning over the fate of Soviet "prisoners of conscience" from Dr Andrei Sakharov, the physicist and human rights activist.

Mr Chirac met Dr Sakharov before his only scheduled meeting with Mr Mikhail Gorbachev, the Soviet leader on the second day of a trip dominated by friction over disarmament and the Ariane rocket spying affair.

"We are concerned that the freeling of prisoners of conscience has been interrupted," Dr Sakharov told Mr Chirac.

Dr Sakharov asked Mr Chirac to raise with the Kremlin the fate of a Soviet family denied permission to emigate, as well as that of hundreds of prisoners of conscience.

Mr Chirac gave no specific commitment, but said: "I have in mind the subjects and cases you have raised. I sincerely hope the Soviet Union's current evolution will allow these problems to be solved.

George Graham looks at a Lyons trial that has taken a bizarre turn

Judge refuses to bring Barbie back by force

THE TRIAL of Mr Klaus Barbie drew to the end of its first week yesterday in Lyons, the town where from 1942 to 1944 he headed Hitler's Gestapo secret police.

A half-empty courtroom yesterday began to examine the crimes against humanity with which Mr Barbie is charged—empty of many of the spectators who had filled the hall on the first days of the trial, and without, above all, the presence of the prisoner himself.

Mr Barbie walked out of the trial on Wednesday, and yesterday he again refused to leave his prison cell. Despite the appeals of some of the civil plaintiffs who have joined the prosecution, Judge André Cerdini yesterday refused to have Mr Barbie, 73, brought to the courtroom by force.

"I understand the feelings of those plaintiffs who feel that Barbie's dodging of their testimony is a new insult to them, but I do not want to give him the pleasure of appearing a martyr," said Mr Pierre Truche, the chief prosecutor.

The question of whether to

Klaus Barbie, left, and lawyer Jacques Verges

compel the prisoner to appear has evoked memories of the trials immediately after World War Two in which France purged the memories of collaboration with Nazi Germany.

The last occasion on which a French court decided to bring a prisoner in against his will was the 1946 trial of Mr Pierre Laval, Prime Minister in the collaborationist Vichy Government.

The trial has so far scarcely moved beyond questions of judicial procedure, and many of the civil plaintiffs—several of whom are due to testify that they were personally tortured by Mr Barbie—have found it difficult to restrain their impatience and their indignation.

Mr Jacques Verges, Mr Barbie's lawyer, has skilfully exploited the political and philosophical splits among the 40 advocates who face him, and has managed to portray his client as the target of a "lynch mob."

Some of these 40 lawyers also fear that the trial is being robbed of its solemnity by the tactics of their colleagues, such as Mr Joe Nordmann, representative of the National Federation of Deportees. His long-winded and theatrical interventions have on several occasions reduced the court to the edge of hilarity.

Judge Cerdini has tried unsuccessfully to keep the trial moving swiftly, while Mr Truche has been at pains to bring it back to the specific charges of the torture, deportation and murder of Jews and members of the French Resistance.

Peace talks can succeed says Rabin

By Andrew Whitley in Jerusalem

ISRAEL could resolve the Palestinian problem if the opportunity for peace negotiations with Jordan is seized, says Mr Yitzhak Rabin, the veteran Defence Minister.

In an interview with the Financial Times, Mr Rabin said that after new borders had been delineated in the occupied territory, from which Israel was prepared to withdraw, "most Palestinians" would reside within Jordan's re-enlarged territory.

King Hussein was said to have expressed his readiness to settle the Palestinian refugees within his country once the new international boundaries had been agreed.

In the West Bank and the Gaza Strip the UN lists 785,000 Palestinians — more than the resident Arab population — as refugees, of whom over 300,000 still live in camps.

According to Mr Rabin, in the peace talks Israel would insist on retaining certain strong defensive positions, such as the eastern slopes of the West Bank hills and the Jordan River valley. Nor was there any question of compromise over Jerusalem, now declared Israel's united "eternal capital."

The hawkish defence minister, a recent convert to the peace camp of Mr Shimon Peres, the Labour leader, acknowledged that a basis for dialogue with Jordan now existed within the framework of an international conference.

"There is no doubt a real opportunity which should be explored," he said. But given the deadlock within the coalition Israeli Government on the subject, Mr Rabin favoured early elections. These are not due to be held before October 1988.

Both Labour and Likud are now urgently wooing the minor religious parties — which traditionally hold the balance in any Israeli coalition — offering cabinet seats and promises of religious legislation in return for their support.

Prime Minister Yitzhak Shamir's Likud drew first blood yesterday, securing the return to its fold of a maverick ultra-orthodox rabbi who had astonished his confederates by backing the Peres peace plan.

Rabbi Yitzhak Peretz, head of the small Shas Party which has four seats in the Knesset, will return to the Government as interior minister next week, the prime minister's office said.

US warns EC on vegetable oil tax

US TRADE Representative Mr Clayton Yeutter warned yesterday that Washington would retaliate if the European Community approves a tax on vegetable fats and oils, AP reports from Zurich.

The levy, which would take effect on July 1, would cut into $2.5bn of US soyabean exports to Europe.

Zambia sacks 10 more central bank officials

By Victor Mallet in Lusaka

TEN MORE senior officials of Zambia's central bank have been sacked following president Kenneth Kaunda's announcement this week that "devastating" irregularities had been uncovered in the course of an official investigation.

The Governor of the Bank of Zambia, Dr Leonard Chivuno, announced the further sackings yesterday. Among those fired are four deputy general managers, including Mr Elasto Chalwe, who was responsile for external finance. The deputy governor and the general manager have already been dismissed.

Bankers in Lusaka said yesterday that the alleged malpractices might include irregular allocations of foreign exchange, deals involving cobalt, or even outright embezzlement.

Uganda devalues in IMF deal

BY OUR KAMPALA CORRESPONDENT

THE UGANDAN Government yesterday devalued the shilling by 76.6 per cent and introduced a new currency as part of a wide-ranging economic recovery package backed by the International Monetary Fund and the World Bank.

The package ends the deadlock between the government of President Yoweri Museveni and donors which has existed since last August, when the Uganda shilling was revalued at 1,400 to the US dollar. The move was criticised as unrealistic by donors, who maintained that the currency was massively overvalued.

Following yesterday's announcement, a new Uganda shilling, with a value of 100 old shillings, will be in circulation from Monday. The new exchange rate is 60 new shillings (6,000 old shillings) to the dollar.

The government will levy a currency conversion tax of 30 per cent on all money changed, and half of the proceeds will go into a special development fund.

President Museveni also announced substantial increases for producer prices of coffee (the country's main export), cotton, tea and other cash crops.

The president said that an agreement with the International Monetary Fund had been reached after intensive consultations over the 16 months since his goverment came to power. Initially, the ruling National Resistance Movement held the fund at arm's length.

Under the agreement, the IMF will provide a $24m structural adjustment loan which Uganda can draw on immediately, followed by a further $32m over the next two years. Uganda will also receive $20m under the fund's compensatory finance facility.

The World Bank, the country's leading donor, is to release $100m. Mr Museveni emphasised that his government's recovery programme needed further support, and said that Uganda hoped to reschedule part of its external debt in talks with the Paris Club group of crediotrs next month. At present, debt servicing absorbs half of Uganda's annual foreign exchange earnings of $400m.

"The political and military victory was achieved in January last year," parliament was told yesterday by President Museveni, whose guerrilla army ousted the military government of General Tito Okello. "The battle on the economic front has now truly begun."

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Former premier joins Fiji's military rulers

BY CHRIS SHERWELL IN SYDNEY

FIJI'S new military ruler, insisting that efforts were being made to return the country to civilian democratic rule, yesterday appealed to friendly countries to recognise his government.

But there were few signs that key countries—in particular, Britain, Australia and New Zealand—were ready to respond positively to Thursday's ousting of the multi-racial coalition which won Fiji's general election last month.

Lt Col Sitiveni Rabuka said his newly-appointed council of ministers—which includes Ratu Sir Kamesee Mara, the former prime minister who was defeated in the election—was in complete control of the government.

The 38-year-old military leader defended his coup, saying it had been necessary to preserve law and order, had been accomplished without bloodshed and had been accepted calmly by the Fiji people, who were prepared to co-operate.

But in a separate move, Lt Col Rabuka stopped publication of the two main daily newspapers, the Fiji Times and the Fiji Sun, until further notice. Both newspapers criticised the coup in editorials yesterday.

Confirmation of Ratu Mara's participation in the new government as foreign minister fuelled speculation that the coup was the result of a carefully planned operation which involved more than the military.

Lt Col Rabuka was quoted as saying yesterday that Ratu Mara's involvement was "critical" to the success of the coup. Of the other 14 positions in the new council of ministers, 11 are held by indigenous Melanesian Fijians, two by Indians and one by a person of mixed race.

Dr Timuci Bavadra and his ousted cabinet are believed to be under house arrest in Suva. Lt Col Rabuka indicated they would be detained until government activities again ran smoothly.

The governor general, Ratu Sir Penaia Ganilau, is believed to be held at Government House. On Thursday night he said he had assumed effective power in the absence of his ministers and had declared a state of emergency.

Governor General Ratu Sir Penaia Ganilau: ignored

Two meetings yesterday with Lt Col Rabuka, one with Ratu Mara present, apparently yielded no compromise. Lt Col Rabuka's claim that he was in complete control was seen as a rebuke to the governor-general and the basis of his appeal for recognition.

The new council is described as an interim body pending new elections

In his statement, Lt Col Rabuka sought to reassure the business community that its investments would be fully respected and the vulnerable Indian community that the protection of their lives and property was a top priority.

A row blew up in Canberra yesterday after the opposition foreign affairs spokesman attacked Prime Minister Bob Hawke's strongly critical reaction to the coup.

Mr Neil Brown, who is in Fiji, said Mr Hawke's remarks incensed Ratu Mara, who had suggested to Mr Brown the new council could keep the peace and restore civilian rule. Mr Brown was apparently carpeted by Mr John Howard, his leader, but Mr Hawke suggested he be sacked.

China denies reports of clashes with India

By Robert Thomson in Peking

CHINA HAS denied reports that fighting has broken out with India along their border, though independent sources suggest both countries have moved large numbers of troops to the border in recent weeks.

The Chinese Foreign Ministry described as "sheer fabrication" a report in a Finnish newspaper that many wounded Chinese soldiers were being treated in Lhasa, Tibet, and that Chinese transport aircraft had moved more troops to the border. The newspaper cited eyewitnesses as the source of the information.

Tension has been building recently, with China alleging that India has been "nibbling" at its territory. But Western and Asian diplomats think it unlikely a major battle has occurred.

China and India fought a brief war in 1962, when thousands of Chinese troops stormed out of the Himalayas, had a series of sweeping victories, then retreated.

There are few landmarks denoting the "actual line of control" between the two countries. But China has a long-standing claim on 90,000 sq km of India's Arunachal Pradesh state, while India claims 37,500 sq km of Chinese territory

David Marsh in Bonn looks at tomorrow's state election in Rhineland Palatinate

Apathy among voters threatens CDU rule

MR RUDLOF SCHARPING, the bearded 39-year-old who leads West Germany's opposition Social Democratic Party in tomorrow's state (land) elections in Rhineland-Palatinate, refutes any charges of anti-Americanism.

But, he thunders at party rallies, low-flying US fighter aircraft based in large numbers on this western edge of the Federal Republic must stop disturbing the peace of its citizens, and the thick Palatinate forests should be used for walking in, not as weapons dumps.

West Germany should remain in Nato "as long as there are blocs in Europe." But the Federal Republic is, he reminds the Americans (as well as the French and British, which also still have a military presence on German soil) "our homeland."

"We need friendship based on equal rights—not one where others tell us what to think and what to do," he proclaims.

But his campaign in the election, where the SPD is fighting an uphill battle against an entrenched Christian Democratic Union, is a reminder that Rhineland Palatinate is one of the most heavily-militarised squares in the European disarmament chess game being played out by the superpowers.

The SPD, which also faces a crucial test in state elections in the northern city of Hamburg tomorrow, has called on the CDU-led government in Bonn to accept the latest superpower proposals to remove all medium-range nuclear missiles from Europe.

If the "zero option" disarmament proposal becomes reality, American cruise missiles will be removed from the Hunsrueck, the plateau south of the Mosel river which is one of the economic blackspots in Rhineland Palatinate.

But any reduction in the diverse American military presence in the state, either as a result of disarmament or of US defence cuts, will inevitably also have consequences for jobs.

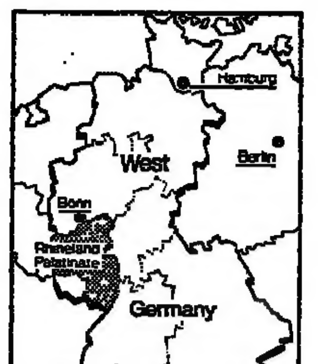
There are 70,000 US citizens in the wooded area around Kaiserslautern, including both military personnel at the Ramstein air base and their dependents—the biggest American community outside the US.

The Pentagon, directly and indirectly, is the biggest employer in the area. Already German civilian jobs on the Ramstein base—which is the command headquarters for both US and Nato air forces in Europe—are being reduced.

There are persistent local rumours—rejected by the Americans—that the cuts may be speeded up.

Mr Bernhard Vogel, the 54-year-old Rhineland Palatinate Prime Minister, agrees that the noise of low-flying F16s and the issue of jobs at US bases worry his electorate.

The zero option controversy—despite the missiles deployed in the region—is not a central theme, according to Mr Vogel.



Instead, he believes the state's 2.9m voters are more concerned by parochial issues such as difficulties in some hard-pressed agricultural and wine-growing areas, the environment and schools.

The state's economic growth rate last year was close to those of West Germany's most buoyant regions, Bavaria and Baden Wurttemberg.

But Rhineland Palatinate, despite impressive strides since the war, has still not completely shaken off the stigma and memories of being a no-man's-land, devastated by war during the 17th and 18th centuries, an ancient buffer between France and Germany which is still, in a sense, 42 years after the last conflict, an occupied territory.

Mr Vogel, brother of Mr Hans-Jochen Vogel, the designated successor to Mr Willy Brandt as SPD chairman, has held power in the land capital of Mainz for 10 years. The CDU has ruled in Rhineland Palatinate since the war, for the past 16 years with an absolute majority.

Mr Scharping has little chance of dislodging the popular prime minister, who says his main difficulty is to persuade self-satisfied CDU voters to turn out. The CDU victory last month in neighbouring Hesse, where the SPD were turned out of office for the first time since the war, has raised the threat of complacency in CDU ranks, he reckons.

This is one reason why the CDU is unlikely to repeat its 51.9 per cent share of the votes in the last land election in 1983.

In January's general election, the CDU's share of the vote fell to 45.1 per cent. Mr Vogel also faces the danger of vote-splitting from Conservative fringe parties campaigning mainly on local issues, which could win as much as 3 per cent of the poll.

As a result, he may be able to remain in power only through a coalition with the Free Democratic Party. The FDP, junior partners with the CDU in the Bonn Government, failed four years ago to win the 5 per cent of the vote necessary to achieve representation in Mainz, but this time looks likely to re-enter the state parliament with a clear improvement on their dismal 3.5 per cent vote achieved in 1983.

On the left, Mr Vogel believes the Green Party will enter the Mainz parliament for the first time with 6 to 6.5 per cent of the vote. But he thinks this will be at the expense of the SPD.

With the SPD still reeling from its defeat at the January election and in three state polls since last autumn, Mr Scharping will do well simply to repeat the 39.6 per cent vote his party won four years ago.

What about the prospect for an anti-CDU link between the SPD and the Greens? The idea is much put about by the CDU in a move to frighten floating voters into opting for the right, but this adds up to "lies," says Mr Scharping.

The Green Party, which has moved much to the left since January, these days spouts only "fundamentalist rubbish," the SPD leader proclaims — ruling out any idea of co-operation.

With the SPD and Green vote unlikely to top that of the CDU and FDP combined, Mr Scharping's resolve over whether he would really turn down the chance of ruling in Mainz with the Greens will probably — perhaps happily for him — not be put to the test.

Norway to reopen debate on EC links

BY WILLIAM DAWKINS IN OSLO

NORWAY'S minority Labour government will next week formally open for the first time in 15 years a public debate on the country's relations with the European Community.

A white paper to be presented to the Storting (parliament) next Friday calls for a discussion between all political parties on how Oslo might increase its influence in Brussels. The paper deliberately avoids posing the question of membership, despite growing speculation that Norway is preparing an application to join the Community.

But it is a controversial attempt to bring into the open an issue which has been politically taboo since the electorate narrowly voted against joining the Community in a heated and traumatic referendum in 1972.

Mr Thorvald Stoltenberg, the Norwegian Foreign Minister, said yesterday: "This is a political document. The challenge to parliament is what can we do if we exclude membership

The paper calls for the establishment in Brussels of a new Norwegian delegation to the Community separate from Oslo's Belgian embassy. It proposes increased diplomatic contact with the president of the Council of Ministers, the European Commission and with Denmark, which Mr Stoltenberg described as "a bridge" between Oslo and the Community.

Next week's paper also calls for the establishment of a committee of key Norwegian groups like employers, unions and farmers to help them adjust to the creation of a barrier-free internal market in the Community, which the EC is pledged to achieve by 1992.

Norwegian industry, which exports about 70 per cent of its manufactured products to the Community, and which is in the forefront of domestic opinion in favour of joining it, is increasingly worried about the consequences of being left out of a free internal market.

UK NEWS – THE GENERAL ELECTION

Kinnock seeks nation in which 'all can benefit'

BY ANTHONY MORETON IN LLANDUDNO

Neil Kinnock: emotional attack on Conservatism

MR NEIL KINNOCK opened Labour's election campaign in his native Wales yesterday with a powerful and emotional attack on Conservatism and Mrs Thatcher hat had a packed party meeting in Llandudno roaring approval.

Castigating his political enemies for their pursuit of materialism he painted a picture of a Labour Britain in which "everyone can contribute and everyone can benefit." It would be a Britain in which "everyone has responsibilities, everyone has rights," he said.

"That is how we put care into action, make the weak strong, lift the needy, make the sick whole, how we give talent the chance to flourish, how we turn the unemployed claimants into the working contributors."

This philosophical exposition, much interrupted by applause from the large audience of party faithful, turned almost into revivalist fervour after Mr Kinnock had finished.

The obligatory standing ovation for the massed ranks of photographers,3 min 20 sec for the timekeepers—was cut short by the audience breaking into repeated choruses of "Here we go, here we go, here we go, again," accompanied by synchronised clapping.

Not to be outdone the purists responded with "Oggi, Oggi, Oggi," a cry redolent of Cardiff Arms Park on international day.

Then Mr Kinnock called for We Shall Overcome and, with *his arm around his wife*, Glenys Kinnock, led the way through several verses of the 1960s anthem.

The end had turned into the sort of occasion only a Welsh audience on a high can manage without any prompting or without becoming lachrymose.

The start of the 44-minute speech, had been pure politics, full of the elliteration for which Mr Kinnock had become famous, rattled out at his customary machine gun speed.

The Tories had produced a Britain "divided, deprived and dangerous."

His eyes flashing and assaulting the air with his right hand, he claimed a life sentence of Thatcherism would turn into a "death sentence for more industries, more communities, more hopes."

Mr Kinnock turned from the political to the philosophical. A Labour Britain would be about collective strength and collective care, the only way to ensure individual freedom.

Labour was seeking "the kind of liberty that cannot be secured by most of the people for most of the time if they are left to themselves stranded alone with their whole life chances limited by the size of their luck."

It was heady stuff and the audience loved it, especially when he rhetorically, asked if it were coincidence that he was the first Kinnock in 1,000 generations who had fought his way to university. For good measure, he added that his wife too was "the first member of her family in the 1,000 generations who had struggled through to the groves of academe as represented by University College, Cardiff."

Turning to the future, Mr Kinnock reiterated Labour's commitment to cut unemployment by 1m in its first two years of office through "investing in people."

A capital recovery programme would be established that "relates tax concessions to the proportion of funds that finance institutions hold abroad."

A British industrial investment bank would be set up to use those funds to strengthen industry and generate wealth and British enterprise would back hi-tech developments in companies of all sizes and to take social ownership in return for funding.

This was the meat of Mr Kinnock's speech and he squeezed *almost* as *much* audience response out of it as he had earlier with his jibes at Mrs Thatcher and her cohorts.

Mr Kinnock has painted a picture of a Conservative Britain eight years in decline but for which a Labour Britain would put the emphasis on paying its way in the world, and helping the needy. It was a message the audience, at least, loved to the last word.

Younger warns on security of country

By James Buxton in Perth

THE ELECTION is more vital to Britain's defence and security than any since the end of the Second World War, Mr George Younger, Defence Secretary, warned yesterday.

In a speech which effectively opened the Conservative Party's election attack on Labour's defence policy, he told Scottish Conservatives: "In one day's voting in Britain, the Soviet Union could gain more than it has achieved worldwide since the revolution in 1917," thanks to Labour's policy of unilateral *disarmament*.

Conversely he said the election gave British people "a unique opportunity to see off the one-sided-disarmers, once and for all."

He told the conference of the Scottish Conservative Party at Perth: "In a spate of breathtaking recklessness, the Labour Party would put at risk all the progress that has been made on arms control. For why should the Soviets bother to negotiate when the *Labour Party* are willing to hand them everything on a plate."

The Defence Secretary said that the deployment of Nato medium range missiles in Europe had brought the Soviet Union back to the negotiating table but he said there was much hard bargaining ahead.

Labour defence policies, especially the abandonment of Trident, would be a "job disaster." Some 30,000 people would be employed over the next few years in the Polaris and Trident programmes. "If Polaris and Trident were cancelled by a Labour government then the jobs would be at risk." Many of them were in Scotland.

Earlier Mr Malcolm Rifkind, Scottish Secretary, told the conference that the Conservatives were poised to win more seats in Scotland

In an enthusiastic address he said that the party would expand its parliamentary base "in a way not seen for years." It would make a full contribution to the return of a Conservative government.

Mr Rifkind pointed to the latest Mori poll of Scottish opinion which showed the party standing in second place to Labour in Scotland with 25 per cent of the vote — "within a hair's breadth" of the 28 per cent the Conservatives won in 1983 when they *took* 21 out *of* Scotland's 72 seats.

The opinion polls showed a jump of 6 per cent in support for the Conservatives over the past two months. It was the first poll for many months to put the Conservatives ahead of the Alliance, and gave Labour 43 per cent. *Observers have* pointed out that *if* reflected in voting figures the poll would still mean the Conservatives losing several seats in Scotland.

Mr Rifkind who claimed that morale in the Scottish party was higher than it had been for years, said that the party's objectives had to be to win 50 per cent of the vote in Scotland. But he described as essentially bogus Labour party claims that the Conservatives had no right to govern Scotland, because they did not have an overall majority there.

Out of the past four Labour governments, three had lacked a majority of MPs in England, he said: "Yet, I do not recall them saying that they have no right to government. What is *sauce for the goose is sauce for* the gander."

He rejected the policies of the opposition parties for a Scottish assembly. The UK could have a unitary system of government or a federal system "but what it cannot have is a little bit of one and a little bit *of the other." It would create* a fundamental imbalance there.

Mr Rifkind said that Conservative policies of giving people "more control over their own lives" would gradually lead them to ask themselves: "What on earth am I doing voting Labour." The Conservatives *could claim to be the most* radical force in Scottish politics.

Mr Kenneth Clarke, Minister for Employment, outlining the Party's employment policies, made a strong attack on the Scottish Trade Unions Congress, which voted last month to boycott the Government's Job Training Scheme.

It was "despicable" to play politics by trying to deny the chance *of* quality training to those people who need it most."

Michael Cassell examines an argument sure to be well aired in the next three weeks

Defence remains an explosive issue

THE GOVERNMENT'S highly-qualified readiness to consider the elimination of medium-range nuclear weapons from Europe will ensure that defence remains a potentially decisive issue during the election campaign.

Though most polls suggest that the electorate's principal concerns lie in areas such as unemployment, health, education and law and order, the defence argument remains high on the agenda and is certain to be well-aired over the next three weeks.

The prospect of the removal of cruise missiles from Greenham Common, together with the possible abandonment of plans to *site them at Molesworth is* a potent one and the battle to convince voters of which party is best capable of reducing the risks of confrontation while safeguarding the nation's security will be a tough one.

Both the main political parties have made much of the *fact that, given Labour's* adoption of a non-nuclear defence strategy, voters are for the first time being presented with a clear-cut choice on how their nation should best be defended.

The contrast was, in the space of 10 days earlier this year, clearly spelled out. Mr Neil Kinnock, Labour leader, went to Washington to restate his commitment to Nato but to pledge his determination to rid British soil of all nuclear weapons, while Mrs Thatcher visited Moscow to emphasise that any *reductions* in *the East-West* nuclear stockpile would emanate from positions of mutual strength and not through unilateralist action.

But with the sands shifting rapidly under the nuclear arms control issue, the political parties have been equally quick *to claim* that the progress being made at Geneva represents an endorsement of their own, particular stance on the issue.

Mrs Thatcher and her colleagues are convinced *that* the Soviet Union is negotiating only because of Nato's nuclear strength and determination while Labour now prefers to move the argument on to claim that, in the light of the new Soviet disarmament proposals, the party's defence policies will be an electoral asset.

Mr Denis Healey, the shadow Foreign Secretary, whose light-hearted, but arguably ill-judged, remarks earlier this week in Moscow about the Kremlin "praying for a Labour victory," will today tackle the defence issue head-one with a keynote campaign speech in London.

He is expected to repeat Labour's commitment to remove nuclear weapons from Britain and to emphasise that, given success in Geneva, most of the obstacles preventing the party's aspirations could soon be *removed*.

Even so, Mrs Thatcher's approach appears, until now, to have attracted most support from the British electorate while Labour's alternative strategy could, for the second election running, cost it votes.

But in spite of backing for Mrs Thatcher's broad stance, there seems little enthusiasm among voters for the type of escalating nuclear commitment entailed in the Trident programme. *In addition, most* are naturally anxious to see that any Soviet-US arms agreement is not ultimately jeopardised by excessive "sabre-rattling" on the part of a leading Nato partner.

It is a concern which the opposition parties have recently started to exploit, trying to portray Mrs Thatcher as the "cold war" warrior who, despite her obvious success in Moscow, will prove characteristically obstinate *in giving ground and will* remain unhealthily wedded to nuclear weaponry. She has already made it clear that, as far as Britain's own, independent nuclear defences are concerned, she cannot envisage a time when they will not be necessary.

Mr *David Steel, the Liberal* leader, this week attacked Mrs Thatcher for obstructing the path to disarmament in order to enlarge Britain's "dubiously independent deterrent." Britain's role in the disarmament process, he claimed, was not one to be proud of.

The *disclosure by the Foreign* Office that it is now ready to consider the so-called "double zero option" could make it more difficult for the Government's political opponents to accuse it of wilful and potentially disastrous intransigence.

It became immediately clear yesterday *that* Labour is *far* from satisfied by the Government's latest initiative. Commenting on suggestions made by Mr George Younger, Defence Secretary, that Britain might allow more US submarine and aircraft-mounted nuclear weapons to offset the elimination of ground-based, medium range missiles, Mr Denzil Davies, Labour defence spokesman, said the idea seemed like "crazy compensation."

Mr Healey issued a statement attacking the idea of replacing ballistic missiles with other nuclear weapons which would perform the same function and might mean taking B-52 bombers or additional submarines both armed with nuclear cruise *missiles*.

He added: "This transparent attempt to have her cake and eat it is unlikely to carry conviction anywhere. Indeed, it would gravely undermine the prospect of agreement on the double zero option itself. It would also mean Britain accepting *some American* nuclear weapons today."

Mr Kevin McNamara, a member of Labour's defence team, *said*: "What the Government is looking for is not a reduction in nuclear weapons, but an increase of different sorts. It is an enormous double bluff which demonstrates that *the Conservatives* are not really concerned with making Europe a safer place."

There were some unlikely if qualified words of support for the Foreign Office statement from the Campaign for Nuclear Disarmament. Ms Meg Berisford, the *campaign's general* secretary, welcomed the "apparent endorsement" of a "zero-zero" deal but warned that there should be no Western build-up of weapons to match a class of missile which the Soviets had offered to remove.

Extra submarine missile option 'being considered'

BY DAVID BUCHAN, DEFENCE CORRESPONDENT

CND protesters at Molesworth air base

BRITAIN might accept some new nuclear defence weapons to help Nato offset the disappearance of US cruise missiles from Greenham Common and other intermediate range missiles from Europe in an arms control deal with Moscow, Mr George Younger, Defence Secretary, disclosed this week.

The possibility of Britain acting as a base for submarines carrying cruise missiles was "on anybody's list of possible measures" to shore up any gaps left in Nato's nuclear deterrent by the loss of ground-launched cruises and Pershing 2 missiles to arms control with Moscow, he said.

This was the first public admission by the Government that a superpower agreement in Geneva on missiles in Europe might merely bring about a change in the nature of nuclear weaponry in Britain and continental Europe, rather than a marked reduction in it.

As such, it is bound to stir controversy in the election campaign. Opposition political parties are dedicated not only to scrapping the plan to buy new *long range Trident submarine* missile system, but—to differing degrees—also to reducing or eliminating shorter range systems, whether entirely British or US-owned and operated on British soil.

Speaking at the Nato Nuclear Planning Group in Norway this week, Mr Younger claimed that in seeking to maintain the Nato deterrent, through "a suitable mix" of nuclear and conventional weapons, the Government was "on exceedingly strong ground electorally" to contest the general election.

Mr Younger's presaging of possible new nuclear systems arriving in Britain came as the Government [illegible] would accept in principle a Soviet proposal to eliminate from Europe all shorter-range missiles (from 500 km to 1,000 m range) as well as longer-range intermediate nuclear forces (INF). Neither the US nor West Germany has yet said this.

But while conditional acceptance of the Soviet "double-zero" proposal to abolish the two range categories of INF missiles may mollify opposition paries, the latter are likely to charge the Government with undermining any INF deal by the back door.

Technically, any ground-launched *nuclear missile of less* than 500 km, or sea- or air-launched missile such as cruises placed in submarines or mounted in bombers, would be unconstrained by the Geneva INF talks which focus only on ground-launched missiles of *500 km to 5,000* km range.

However, this dividing line is potentially blurred by the call yesterday by Chancellor Helmut Kohl of West Germany for negotiations on weapons with a range down to zero (presumably atomic mines of which Nato has few left).

The *basis for* Nato, and Britain, modernising short-range nuclear weapons is the 1983 alliance decision to reduce the number of warheads on such weapons from 6,000 to 4,600, while improving the accuracy, range and lethality of the remainder. Lord Carrington, *Nato secretary-general*, said yesterday the reduction to 4,600 warheads had already been achieved.

Britain is one of five European countries with short-range Lance missiles supplied by the US. It is expected that British forces in West Germany will get an improved Lance missile, but Whitehall insists no final decision has been taken. Other short-range nuclear weapons, such as free-fall bombs carried by Tornados or Royal Navy nuclear depth charges, are considered irrevelant to the European balance.

Therefore, the part which Britain is likely to play in helping Nato compensate for "lost" INF missiles is as a base to American sea or air launched weapons. Britain is too far from the central front for stationing of ground missiles of less than 500 km range to be of much use.

Though Mr Younger carefully avoided giving preference to any particular option, the most attractive option to many defence planners is allowing the US to continue to use the Holy Loch base *in* Scotland for cruise-carrying submarines once it ceases to use it as a forward service base for Poseidon submarines. The US is soon to replace Poseidon with the even longer-range *Trident*.

The US is understood to be reluctant to base B-52 strategic bombers with cruise missiles in Britain, *even* if the UK wanted it to.

The US has long had F-111 bombers, capable of carrying free-fall nuclear bombs, at Upper Heyford in Oxfordshire and Lakenheath in Suffolk. Increasing the number of these aircraft based in the UK is another *option, particularly if* armed with some form of stand-off weapon.

But there are problems of *control* and *cost* between London and Washington. The latest UK defence white paper reiterates that use of UK bases, "by US forces equipped with nuclear or conventional weapons," is a matter of joint Anglo-American decision. But US use of British-based F-111 bombers *in the spring* 1986 raid on Libya highlighted the sensitivity on the issue of control.

The US might well *not want* to shoulder all the cost of new cruise-carrying submarines, particularly if these are assigned to Nato command. There is some talk that multi-national some talk that a multi-national force could operate such submarines with costs shared *around the alliance*, but the *last* time Nato tried such an idea —the proposed Multilateral Force (MLF) in the early 1960s —it never got off the drawing board.

Tories start campaign with big lead in opinion polls

BY PETER RIDDELL, POLITICAL EDITOR

THE CONSERVATIVE Party starts the formal election campaign with a large lead over Labour, though not quite as big as in 1983.

The table compares the opinion polls taken in the similar "phoney war" period after the general election was called and before parliament was dissolved.

COMPARISON OF EARLY CAMPAIGN POLLS

May 1983	Date	Cons	Lab	All	Cons lead	May 1987	Date	Cons	Lab	All	Cons lead
Mori	10	46	31	21	+15	Harris	7	44	33	21	+11
Harris	11	52	31	17	+21	NOP	6/11	46	28	25	+18
Gallup	11/16	46	33	19	+13	Gallup	7/11	39	28	30	+9
Mori	12	49	34	15	+15	Marplan	8/12	43	29	25	+14
						Marplan	15	41	30	26	+11

If a weighted average is taken of the polls in 1983 the Tories stood at 48.2 per cent, Labour at *32.2* per cent and the SDP/Liberal Alliance at 18 per cent. Four years ago the Tory position strengthened at the expense of the Alliance in the first week of May.

The comparable average figures this time are Conservatives 41.4 per cent, Labour 29.3 per *cent and the Alliance 25.2* per cent. This reflects a slight pick-up in Alliance support in the past week at Labour's expense.

The Conservative lead over Labour at this stage was 16 points last time and is 12 points now. Both the lead and the level *of Tory support are sufficient for a large overall* majority in the Commons if they were reflected in voting on June 11.

The key difference is in the level of Alliance support, up over seven points compared with 1983. Alliance strategists *are now hoping for a repeat of* their subsequent experience when their rating rose by about eight points during the campaign thanks in part to much greater television and Press coverage.

The Alliance leaders have made a brisk start to the campaign *with a series of headline* catching policy statements and an energetic regional tour round the UK. Mr David Steel and Dr David Owen have appeared inseparable, to counter any charges of Alliance disunity.

The big uncertainty is *whether the Alliance will enjoy* a similar boost this time. There are grounds for scepticism, both because the starting base is already relatively high and because the Alliance and its leaders are much more familiar than they were in 1983. Moreover, Labour, whose support *fell by four points* during the disastrous campaign of 1983, promises a more effective performance this time.

If the Alliance did advance, there are two potential threats to the Tories.

First, if the Alliance moved ahead of Labour in the polls, *this might transform the* campaign. In the eyes of Tory supporters "the threat of a Labour Government" might be removed so it would be safe to vote Alliance. This could put many Tory seats at risk.

Second, if the Alliance gained largely at the expense of the Tories, with Labour *support* remaining firm or rising, this could open up the possibility of a hung parliament with the Tories the largest single party *but short* of an overall majority. That is now Labour's main hope.

Much can change during the course of a campaign since, judging by past experience, nearly a third of voters will make up their minds between now and polling day.

Given *their* current strong position Tory strategists are nervous about doing anything which might alienate supporters —which explains the doubts many ministers felt about Mrs Thatcher's remarks on Monday about seeking a fourth term, as *if* a third term was in the bag. *For* all *the radicalism of* the Tory manifesto on Tuesday, it may be a safety-first campaign.

But, at present, the Tories are in an almost *ideal position* for a party with the support of only just over two-fifths of the electorate, with the opposition parties' backing evenly split.

Royal Assent given to 52 bills on last working day

BY TOM LYNCH

THE RUSH to finish the Government's legislative programme ended in success yesterday when 52 bills received Royal Assent on the last working day of the current parliament.

This week's business has been conducted at almost breakneck pace, with the timetable for several important bills condensed from months into hours after the calling of the General Election. The price for Labour co-operation in the exercise has been the dropping *of several proposals seen* by ministers as crucial.

The Finance Act, which implements the Budget, has lost many of its clauses although many of them, such as the phasing of corporation tax payments, were highly technical. The aspect of the Budget likely to be of greatest interest to those heading for the hustings —the 2p cut in the basic rate of income tax—has passed into law. Voters will find the extra money in their pay packets from May 17.

The main casualty is the Criminal Justice Act, which was to have been one of the major pieces of law enacted in this parliament. It does contain tough new powers to combat serious fraud but the Government has dropped the controversial aspects of the original *bill — such as the ending of the* right to peremptory challenge of jurors and the reference of controversial sentences to the Court of Appeal.

The Legal Government Act passes into law complete with its powers to limit the scope for creative accounting by councils, but without the original proposals to alter local authority powers in respect of building homes for rent in partnership with the private sector.

However, the Government did show determination in pushing through the bill replacing domestic rates in Scotland with the community charge, or poll tax, from 1989 — a scheme which the Conservatives have promised to extend to the rest of the UK if they are returned to power in the General Election. A guillotine motion to *curtail debate was needed* on Wednesday to see off vigorous Labour opposition in what was on occasions a bad-tempered debate.

Many of the bills which passed into law yesterday did, however, command broad support in principle, if not in detail. One of these was the Banking Act, which sets up a new regulatory framework for the banking industry in the wake of the JMB affair.

Another law to which Labour's main objection is that it does not go far enough is the Landlord and Tenant (No 2) Act, which gives powers to long leaseholders in England and Wales to force landlords to improve or sell property in cases of serious neglect. There is also broad agreement on the Debtors (Scotland) Act, which *ends the practice of the public* auction of household goods at a debtor's home.

There is no such consensus on the Immigration (Carriers' Liability) Act, which allows the fining of airlines and shipping companies which give passage to the UK to people without proper travel documents.

Among other laws confirmed yesterday are the Consumer Protection Act, which implements the European Community directive on product liability, and the Fire Safety and Safety at Places of Sport Act, which tightens up regulations in the wake of the fire at the Bradford City football ground.

The Commons was informed of the Royal Assents before the last handful of MPs went off to concentrate on their re-election campaigns or finalise their retirement plans.

In the event of the Conservatives forming their third administration under Mrs Thatcher, it *is* likely that many of the clauses dropped to clear the decks for polling day will figure in a future Queen's Speech.

Rooms for rent plan by Alliance

By Our Political Correspondent

PLANS UNVEILED yesterday by the Alliance would *permit* people to rent out rooms in their own homes, free of tax.

The proposal is designed to release accommodation for single people and young couples.

The scheme would enable owner-occupiers, council and *private tenants*, as well as housing association residents, to let a maximum of two rooms in their own homes.

The Alliance *says* a duty would be imposed on local authorities to issue and regularly review licences to approved agencies to operate the scheme. Legislation would be passed to invalidate clauses in mortgage contracts or local council letting contracts which ban such arrangements.

BANK RETURN

BANKING DEPARTMENT	Wednesday May 13, 1987	Increase (+) or decrease (–) for week
LIABILITIES	£	£
Capital	14,553,000	—
Public Deposits	83,894,259	– 852,385
Bankers Deposits	1,012,209,465	– 6,896,140
Reserve and other Accounts	2,307,448,295	+ 727,718,468
	3,418,105,019	+ 719,969,943
ASSETS		
Government Securities	454,188,785	– 14,365,261
Advance and other Accounts	889,497,553	+ 24,301,785
Premises Equipment & other Secs.	2,069,119,947	+ 715,319,573
Notes	5,072,208	– 5,282,799
Coin	226,528	– 3,355
	3,418,105,019	+ 729,969,943
ISSUE DEPARTMENT		
LIABILITIES	£	£
Notes in Circulation	12,744,927,792	– 184,717,201
Notes in Banking Department	5,072,208	– 5,282,799
	12,750,000,000	– 190,000,000
ASSETS		
Government Debt	11,015,100	—
Other Government Securities	10,254,400,791	+ 1,315,076,990
Other Securities	2,484,584,109	– 1,505,076,990
	12,750,000,000	– 190,000,000

Defence cuts 'might cost 100,000 jobs'

BY DAVID THOMAS

ABOUT 100,000 jobs in the defence equipment industries might be lost over the next three years because of the Government's defence policies, according to Scrimgeour Vickers, the UK brokers.

Scrimgeour Vickers says the poor jobs outlook is due to real cuts in the defence budget—confirmed in the defence white paper this month—more competitive purchasing policies at the Ministry of Defence; and the spending build-up on the Trident missile programme.

About 40,000 compulsory redundancies—10 per cent of the total workforce—might be necessary in the supplying industries, after natural wastage, according to Scrimgeour Vickers. The job losses would be split equally between prime defence contractors and their sub-contractors.

Export orders should stave off enforced redundancies on that scale in some sectors, such as aerospace and shipbuilding, the report argues.

Scrimgeour Vickers is pessimistic, however, about increased exports in the defence electronics industry. "For the electronics industry there are no such mega-deals likely."

As many as 27,000 of the 108,000 jobs in the sector might be lost over the next three years, the report calculates. About 11,000 of those would go through compulsory redundancies, which would entail rationalisation costs of about £110m.

Scrimgeour Vickers says that recent job cuts announced by several companies in their military communications operations are the first sign of the job losses in defence electronics.

The report bases its conclusions on the assumption, which it considers conservative, that there will be a 10 per cent decrease in the amount the *Ministry of Defence* spends with contractors over the next three years. The report also assumes that contractors need a yearly increase of 5 per cent to keep up with rising costs and increasing efficiency.

The report concludes, therefore, that defence contractors will experience a 25 per cent short-fall by 1990.

The Scrimgeour Vickers report is one of a number of recent brokers' circulars on the defence equipment industry, but it is unusual in that it predicts the job implicaions of the planned cuts in defence spending. It is also one of the most pessimistic.

A report by Smiths New Court last month pointed to an upsurge in defence exports—from 39 per cent of Ministry of Defence equipment spending in 1983 to 78 per cent in 1986.

It also argued that, despite the overall changes in the defence budget, spending on defence electronics would continue to grow by between 5 and 10 per cent a year in real terms.

Such optimism is shared by some industrialists. Sir James Blyth, Plessey managing director, told the FT's world electronics conference this week: "Whatever happens to budgets for defence procurement in sum, the proportion of them which will be devoted to electronics and software purchases of all kinds will continue to rise."

Curb on Allied Dunbar pensions sales drive

BY ERIC SHORT

SALESMEN WITH Allied Dunbar Assurance, Britain's largest linked-life company, are being instructed not to try to lure employees out of company pension schemes providing good benefits.

At a pensions seminar, Mr Jerry Grayburn, head of Allied Dunbar's pensions division, said that even with the new pension framework introducing personal pensions, such employees were still better off in a company pensions scheme based on 1/60th of final salary for each year of service.

The company's salesmen are being taught in their training courses to build on top of good company schemes by marketing Additional Voluntary Contribution insurance to individual employes.

Allied Dunbar, under Sir Mark Weinberg, its chairman and chief executive, has become a force in the pensions *field mainly through its 3,000* direct salesmen.

Trade unions, which are implacably opposed to the whole concept of personal pensions, invariably present the Allied Dunbar salesman as the "bogeyman" who will lure the employee out of his company scheme into a high-risk personal pension, picking up a large commission payment for doing so.

However, Mr Grayburn pointed out that employers should look closely at their company scheme, and in particular the contracted-out provisions.

Under the new framework, it will be cheaper for employers to contract most of the employees below the age of 53 for men and 48 for women back into the State Earnings-Related Pension Scheme rather than provide the equivalent benefits themselves.

Ignorance of financial jargon shown in survey

BY HUGO DIXON

A BUILDING SOCIETY's survey has shown that many people are ignorant of their pension entitlements and of financial jargon relating to mortgages and personal equity plans.

One of the more startling results of the survey, commissioned by the Bradford & Bingley Building Society and conducted by Gallup, is that only a third of the population understands the meaning of the term endowment mortgage. A slightly higher proportion—57 per cent—of the 974 people sampled, knew what a repayment mortgage was.

Sixty-four per cent did not know how much they would be worth at retirement; 39 per cent did not know what their pension would be; and 22 per cent had no idea when their pension would start being paid.

Only 12 per cent of the sample could give a correct definition of Save As You Earn; 12 per cent could say what a personal equity plan was; and one in seven thought gilts were stocks and shares relating to precious metals and gems.

The survey was conducted last month.

ECONOMIC DIARY

TOMORROW: National Savings monthly progress report (April). ASTMS annual conference in Cardiff (until May 18). Nupe annual conference in Scarborough (until May 22). Union of Communication Workers annual conference in Jersey (until May 22). Mr Leo Tindemans, Belgian Foreign Minister, visits Warsaw (until May 19).

MONDAY: Financial Times European Banking Conference in Milan. Dissolution of Parliament. Retail sales (April-provisional). CBI/FT survey of distributive trades (April). EC Agriculture Council meets in Brussels (until May 19). Alliance manifesto launched. Police *Federation* annual conference in Blackpool (until May 22). Prison Officers' Association annual conference in Southport (until May 22).

TUESDAY: Conservative Party launches manifesto. Index of the output of the production industries (March). Public sector borrowing requirement (April). British Airways results. Mr Nigel Lawson, Chancellor of the Exchequer, attends *CBI* annual dinner at Grosvenor House Hotel, London. Gulf Co-operation Council oil ministers meet ahead of June 25 Opec meeting (until May 20). Mr Franz Vranitsky, Austrian Chancellor, visits Washington (until May 24).

WEDNESDAY: Gross domestic product (output-based) (first quarter preliminary). Building Societies' monthly figures (April). London and Scottish baks" ETAOIN SHRDLU ... banks' monthly statement (April). Provisional estimates of monetary aggregates (April). Rolls-Royce share dealings start. Building Societies' Association annual conference in Harrogate (until May 21). Mr Anatoly Dobrynin meets Mr Rajiv Gandhi, India's Prime Minister, in New Delhi. Mr Mario Soares, Portuguese President, meets President Reagan in Washington.

THURSDAY: Cyclical indicators for the UK economy (April). Capital expenditure by the manufacturing and service industries (first quarter—provisional). Manufacturers' and distributors' stocks (first quarter—provisional). EC Development and Environment Councils meet in Brussels. Institute of Directors conference "Directors' responsibilities and liabilities" at 116 Pall Mall, SW1.

FRIDAY: Mr Willy Brandt delivers first Palme lecture at Stockholm International Peace Research Centre.

Hugo Dixon examines the dislocation between the wholesale and retail financial markets

How differentials fail to interest the institutions

BRITAIN'S financial markets are in the strang position of paying small investors up to 3 percentage points more for their money than wholesale investors. At the same time, the mortgage rate is stuck 2½ points above money-market rates and shows no sign of coming down.

In short, there is a dislocation between the retail and wholesale financial markets. The interest rate, which equates supply of funds with demand for money in the retail market, is considerably higher than the rate that clears the wholesale market—the London Interbank Offered Rate (Libor).

All that goes against economic theory. In a perfect market, institutions would see they could borrow cheaply in wholesale markets and lend at a higher rate in retail markets. As they took advantage of this arbitrage opportunity, rates in retail markets would automatically *fall until the differential* was wiped out.

That is not happening. To understand why, it is necessary to look at the factors influencing supply and demand in both markets and at what is preventing arbitrage.

The main reason for lower wholesale rates is the bull market in sterling. That has forced the Bank of England, which is anxious that British *industry should not become* uncompetitive, to sanction cuts in rates.

International investors want sterling for three reasons: they like the prospect of another electoral victory for the Conservatives; they are pleased with the low public-sector borrowing requirement; and, although rates have fallen by two points this year, Britain's real rate of interest is still higher than most of its competitors.

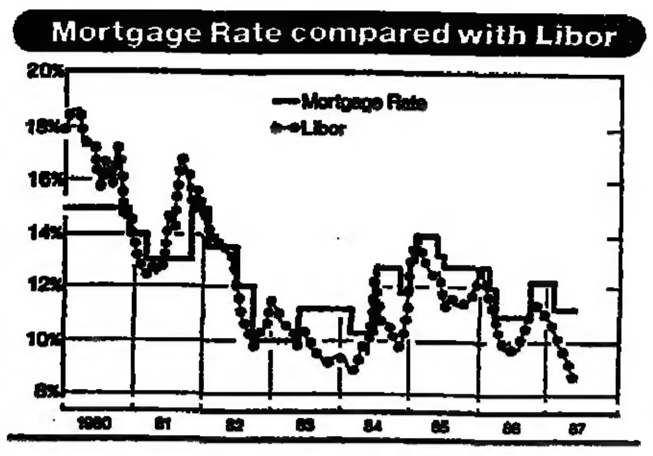
The trend to lower wholesale *rates is reinforced by the likelihood* of Britain becoming a full member of the European Monetary System after the election. As a member of the EMS, Britain would almost certainly be able to live with lower real interest rates.

Trends in retail financial markets are pointing in the opposite direction.

The demand for funds is at record levels and still rising. Mortgage lending by building societies and banks was £43bn last year compared with £31bn in 1985. Consumer lending has also *shot* up.

The most important reason is the housing boom. The Government has a *long-standing policy* of encouraging home ownership, and house prices have risen, which means people need larger mortgages to buy their homes.

Another reason is the in*creased competition in retail* financial markets prompted by deregulation. Financial institutions are now more aggressive in marketing their loans.



The other side of the coin is the shortage in the supply of funds to retail markets. Now that inflation has fallen, the real value of individuals' financial assets is being eroded more slowly and there is less need for them to save. The personal sector's savings ratio fell from 13.4 per cent in 1981 to 11 per cent last year.

Not only is the pie shrinking, but *building societies* are getting a smaller slice. In 1982, for example, unit trusts attracted only 5.6 per cent of the net inflow achieved by building societies. In the first quarter of this year, the figure was 53 per cent. Direct equity investment has also grown.

The result is that societies attracted a net inflow of only £6.6bn last year. That was down from £7.5bn in 1985 and £8.6bn in 1984.

One reason for the change is the increased sophistication of consumers, who are no longer prepared *simply to stick their* money in a building society *account. Another is the bull* market in equities, which makes investing in the stock market look like child's play.

In such an environment, societies are finding it extremely difficult to match the demand for funds with the supply. In theory, there are three ways of doing so: rationing by quantity, quality or price. All three are being used.

Mortgage queues are beginning to reappear, *big* societies have stopped granting 100 per cent mortgages and, although mortgage rates are not rising, societies have been slow to bring them down in response to the fall in base rates.

In the early 1980s, mortgage rates were often lower than money-market rates—a quirk caused by the mortgage rate cartel, which fixed the rate artificially low. They are now over 2½ points higher.

Analysts estimate that, *if* mortgage lenders raised all their funds on wholesale markets, they could still make a decent profit if they charged a margin of only 1 point.

There is therefore a splendid arbitrage opportunity. Why is nobody taking advantage of it?

For building societies, the explanation is simple. Last year they did take advantage of the opportunity and borrowed *heavily on the wholesale* markets.

However, under rules administered by the Building Societies Commission, the industry's regulatory body, no more than 20 per cent of their liabilities may be wholesale. The commission has also set prudential limits for wholesale funding which are even lower.

As a result of last year's borrowing spree, many societies are now approaching those limits and so they cannot repeat the trick this year.

It is less clear why banks and other specialist mortgage lenders, which are not subject to the same regulations, do not go on the offensive, undercut the societies and build up market share.

There are informal prudential guidelines from the Bank of England on the amount of mortgage lending banks may do, and specialist mortgage lenders, such as the National Home Loans Corporation, argue that their computer systems cannot cope with much more lending. But neither explanation is entirely satisfactory.

The real reason seems to be that all institutions are happy with the fat margins they are earning and none wants to rock the boat. Although the mortgage-rate cartel may have been abolished, the mentality of the cartel lingers on.

Satellite TV group lines up £200m finance

BY RAYMOND SNODDY

BRITISH Satellite Broadcasting, holder of Britain's direct broadcasting by satellite (DBS) franchise, announced yesterday that it had provisionally arranged its first-round financing of more than £200m. It also said that one of the original partners, Amstrad Consumer Electronics, had pulled out of the venture.

Mr Alan Sugaris chairman of Amstrad, one of the five consortium members that won the 15-year franchise for three new national channels of television from the Independent Broadcasting Authority last year. The others, which will take up the £10m in foudners equity pledged by Amstrad, are Granada, Pearson (publishers of the Financial Times), Virgin and Anglia Television, which together plan to invest at least £80m.

The new investors that have signed letters of intent are: Bond Corporation of Australia, Chargeurs, the Fernch transport company, Invest International, an investment holding company based in Luxembourg, London Merchant Securities, an investment holding company with property, energy and entertainment, Next, the fashion retailer, and Reed International, the publishing and packaging group.

BSB is still talking to 14 other organisations and expects a futrher two or three to join the venture, which will involve total investment of about £625m.

The BSB consortium also announced that it had been awarded a separate 15-year franchise to use the DBS satellite to provide three channels of advanced teletext. The three channels will be capable of transmitting up to 7.5m characters a second.

Possible uses include the delivery of on-line business and financial services, electronic newspaper distribution, direct marketing and software distribution. The consortium hopes that data distribution could account for between 10 and 20 per cent of total revenues.

BSB is close to choosing its satellite supplier. British Aerospace, it is believed, is no longer in the running because of the difficulty of meeting BSB's preferred pre-Christmas 1989 launch date for the service.

The choice is now between two American organisations, Hughes and Comsat. No final decision has been taken but Hughes is emerging as front-runner to take a contract worth about £150m. "The pieces of the jigsaw are falling into place," a senior BSB executive said yesterday.

The final signing of all the contracts involved is not likely until after the June 11 general election but will be before the IBA deadline of June 30.

Lord Blakenham, chairman of Pearson, and Mr Richard Branson, chairman of Vidgin, have recently met Mr Douglas Hurd, the Home Secretary, to express anxiety that deregulation of British television might undermine the rationale behind DBS—to provide a service that is complementary to the existing national channels. They received assurances that the British Government intended to police agreements reached

Reckitt shares rise on ulcer-drug news

BY TONY JACKSON

SHARES in Reckitt & Colman, the household products group, rose sharply yesterday on news of a new drug development involving the company with best-selling ulcer drugs such as Zantac and Tagamet.

Reckitt said it had taken out patents on the use of such drugs —technically known as H2 antagonists — in combination with polyacrylates, a basic kind of polymer. The combination appears to work synergisticolly, so that the same effect can be obtained with a smaller dose of H2 antagonist.

Reckitt said that one such product was in the first phase of a clinical study with human volunteers. However, it was emphasised that the results would not be available for some time and a company spokesman said it would take five or 10 years for a product to reach the market.

Reckitt was unwilling to enlarge on its terse official statement, which it made in response to market rumours.

Analysts speculated that the company would have to work in co-operation with a producer of an H2 antagonist such as Zantac or Tagemet, since both drugs are patented until the 1990s. Both are understood to be mentioned in Reckitt's patent applications.

The chief advantage of a combination drug is likely to be a reduction in side effects, due to the lower dosage of H2 antagonist. However, such drugs are regarded as exceptionally safe already, having been prescribed in enormous numbers over the past decade.

Zantac and Tagamet, made by Glaxo of the UK and SmithKline of the US respectively, are the world's two biggest-selling prescription drugs.

Neither Glaxo nor SmithKline was available for comment yesterday. Reckitt's shares closed £$\frac{1}{16}$ higher at £11$\frac{1}{8}$.

Nationwide offers current account

By Hugo Dixon

THE NATIONWIDE Building Society will be the first to take advantage of powers given in last year's Building Societies Act by offering a fully-fledged current account from Monday.

FlexAccount is the first serious threat to the clearing banks' monopoly on current accounts. It is aggressively priced and in important ways goes further than the traditional bank account.

Customers will be offered the option of electronic home banking, which none of the leading banks apart from the TSB is close to providing. They will also be paid interest—an innovation likely to worry banks, which benefit considerably from interest-free deposits.

Central to the account will be a cheque book and cheque guarantee card. Nationwide will issue those in its own name and underwrite the risk involved, although it will be using the Co-operative Bank as its clearing agent until it is admitted as a full member of the clearing system.

There will be three types of overdraft: one secured on the customer's home, which will carry an annual interest rate of 16.1 per cent; an agreed but unsecured one, costing 23.1 per cent; and an accidental one, at 34.4 per cent.

All account holders will be issued with a plastic card, which can be used to withdraw money from cash-dispenser machines, pay routine bills and transfer funds from one account to another electronically.

However, Nationwide, in contrast with others in the retail financial services industry, says it has no early plans to adapt its card for electronic cashless shopping. "It [the debit card] may be coming, but the customers don't seem ready for it," a spokesman said.

The home banking service will allow people to find out the balance of their accounts, ask for statements and, from July, pay bills. It is based on a telephone, a tonepad, a small black box the size of a pocket calculator, and voice-response technology—identical to the TSB's home banking product to be introduced in June.

Customers will call a central number and identify themselves by using the tonepad to punch in account numbers and personal identification codes. The computer will then issue instructions to them in a human voice.

The interest rate starts off at the low rate of 2 per cent for balances of under £100. However, it increases to 3½ per cent for balances up to £500 and 5 per cent after that. There are no charges for using any of the FlexAccount services, apart from overdraft interest and a £10 refundable deposit for anybody wanting a tonepad.

The Nationwide said it hoped to persuade existing customers to switch their bank accounts to the society as well as attracting completely new customers.

FlexAccount will start off with a quarter of a million account holders who are being transferred from the society's existing card-based savings account.

EC to receive £285m loan, says Minister

By Ivor Owen

BRITAIN is to provide a £285m "overdraft" to help the European Commission meet its financial obligations for the remainder of May, Mr Peter Brooke, Treasury Minister, announced in the Commons yesterday.

That is in addition to what has become over a period of some two years the customary advance payment from non-VAT sources—£146m not due until June will be paid in May.

As the EC is legally barred from negotiating loans, the euphemism "reimbursable advance" is being employed to describe this latest bailing out exercise and both sums will be repaid next month.

The announcement, on the final working day of Parliament before Monday's dissolution, will be a source of embarrassment to Mrs Thatcher, the Prime Minister.

It provides fresh ammunition for her critics to contest the claim she made on returning from the Fontainebleau summit less than 12 months ago that in future the EC would be subjected to effective "budgetary discipline."

Britain, like the other member states, has been making similar payments since the early part of this year, but the £285m is a new peak and stems from rising expenditure under the Common Agricultural Policy.

Treasury ministers are seeking to play down the significance of what they regard as essentially a cash-flow exercise.

Mr Brooke emphasised that neither advance involved increasing the total amounts which the Community is authorised to spend in 1987. "There is, therefore, no net addition to public expenditure," he stated.

Michael Skapinker on the acquisition of management services group Inbucon

P-E becomes big player in consulting field

P E INTERNATIONAL'S announcement yesterday that it is to buy fellow British management consultants Inbucon stems from a realisation that with established consultancies like McKinsey dominating one side of the business and increasingly ambitious accountancy firms roaring in from the other, the middle is a dangerous place to be.

Of the top 10 UK-based management consultants by fee income in 1986, four were firms of accountants. Coopers and Lybrand was in second place behind PA International and ahead of McKinsey. Arthur Andersen was fourth, Price Waterhouse sixth and Peat Marwick eighth. Many other accountants lower down in the list regard consultancy as a promising future growth area.

Indeed, Mr Len Brooks, Inbucon's chief executive, said that before the P-E deal was agreed, he had talks with three of the big eight accountancy firms about the possibility of Inbucon joining one of their operations.

Mr Richard Ball, vice president of management consultants Cresap, McCormick and Paget, said: "There's a feeling that the accountancy firms are taking over a larger chunk of the UK market. Anyone who is not an accountancy firm must be reviewing their strategy. The consulting market will consist in the future of larger companies or niche companies. We will see the gradual demise of middle-sized companies."

Mr Hugh Lang, P-E's chairman, fully endorses that assessment, saying: "There's a polarisation bteween the big players and the boutiques." Everyone in the management consulting field woul dhave to become one or the other. "We wish to become one of the big players, rather than be in the second division of the international management consultancy business," said Mr Lang.

P-E, which went public last year, had fee income of £24.1m in 1986, enough to put it in fifth place in the UK. Inbucon was in seventh place, with fee income of £21.7m. Not all of Inbucon's businesses are being acquired by P-E. The combined fee income last year was £35m, putting the enlarged P-E in the top three.

Is size going to be enough? P-E and Inbucon are viewed as solid, established British names, but there is some question sa to whether they have anything apart from bulk to contribute to each other's businesses. One executive of the management consultancy arm of a firm of accountants wonders, anonymoulsy, whether one plus one might turn out to be less than three.

Mr Lang agrees that the two consultancies have similar cultures, but he claims that each brings a different strength to the business. P-E has greater capability in information technology and computer services, Inbucon is stronger in human resources consultancy — executive recruitment, remuneration services and industrial relations.

Its parent, Reliance Group Holdings of the USA, was happy to sell Inbucon. With Reliance's interests in insurance and financial services, Inbucon was "a relatively small pimple on the body corporate," Lang says.

Inbucon had been looking for a way to change its relationship with Reliance for more than 18 months. Mr Brooks insists that relations with Reliance were "excellent," but he says Inbucon could not formulate a satisfactory strategy for growth under its umbrella.

Various options were considered, including a flotation in London, with Reliance holding on to a 20 to 30 per cent share.

Mr Brooks says Inbucon rejected the possibility of becoming part of one of the accountancy firms. "I thought that their culture was totally different from our culture," he says. There was also an approach from a US management consultant and from a British advertising company. He declines to name any of those potential suitors, except to say that the advertising company was not Saatchi and Saatchi.

The advantage of P-E, he says was its stock exchange listing. "To go public ourselves would have been long, arduous and costly," he says.

The combined group will not have foreign subsidiaries. Although 22 per cent of P-E's business last year was done outside the UK, two Inbucon subsidiaries which do almost all their work abroad will remain with Reliance.

Moody Tottrup International, a UK-based business which provides technical services to the oil and gas industry abroad, will not be part of the P-E Inbucon group; nor will Fintrac Consulting, which provides agricultural consulting services to many Third World countries.

Mr Brooks says that much of that work is funded by the United Nations, the World Bank, the Asian Development Bank and the European Community's European Fund and it would have been difficult to unravel the contracts involved in time for the P-E takeover. He said that the position on Fintrac would be reviewed at the end of the year.

P-E's Mr Lang say further international expansion is necessary.

TOP UK MANAGEMENT CONSULTANTS

	Fee income 1986 (£m)	Fee income 1985 (£m)	Fee growth %
PA	60	45	33
Coopers & Lybrand	36	26.7	35
McKinsey	30	26	15
Arthur Andersen	26.1	16.3	60
P—E	24.1	19.5	24
Price Waterhouse	23.0	15.9	45
Inbucon	21.7	17	28
Peat Marwick	17.5	12.5	40
A D Little/Cambridge Consultants	15	13.5	11
Bain	14	12	17

City launches equity fund for property developers

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

NEW SOURCES of finance for property developers opened up yesterday when City institutions launched the £100m Property Equity Fund.

The fund has £25m of equity provided by Slough Estates, the biggest industrial property company in the UK; Barclays Bank Pension Fund; London and Manchester Assurance: and Creditcorp.

It also has access to £75m of debt financing from a club of eight banks, three of them Japanese, illustrating the increasing Japanese interest in UK property.

The three are Bank of Tokyo, Sumitomo Bank and Toyo Trust and Banking. The other banks are Barclays, Barclays de Zoete Wedd, Kleinwort Benson, Postipankki and Security Pacific.

Barclays de Zoete Wedd and Richard Ellis Financial Services will manage the fund. They will examine the projects requiring funds, settle the financial structure of such projects and arrange the necessary cash and equity participation.

Mr John Standen of BZW said the fund "is designed to supply a known demand." Such demand has arisen because of the lower level of institutional property investment in recent years and developers' increasing reliance on bank finance. The trend has made it difficult for developers, especially smaller ones, to arrange equity finance.

Although £100m will make a little difference to the issue, it is the first time that the City institutions have formed a club to address the immediate liquidity shortage of smaller developers.

The fund expects to invest in office, industrial and retail developments that would have a completion value of between £5m and £20m. The developments are expected to be sold on completion for the fund to make a profit, and ther is no intention of building up a portfolio.

The fund's financing will be related solely to projects, usually on a limited recourse basis, and it will not take a stake in any developer company.

Lord Elton: fullest investor protection at least cost

Independent head named for SRO

By Barry Riley

LORD ELTON, a former Conservative junior minister, is to become the first independent chairman of Fimbra, the Financial Intermediaries, Managers and Brokers Regulatory Association.

He will take up his position when Fimbra achieves recognition as a self-regulatory organisation by the Securities and Investments Board. This will happen within the next few months and possibly as soon as July.

Lord Elton, who has already been appointed a deputy chairman of Fimbra, will succeed Mr Mark St Giles, unit trust director at GT Management, following the Fimbra council's decision that in its early years as an SRO Fimbra should have an idependent full-time chairman.

The Fimbra council has come to the conclusion that it would be impractical to seek a chairman from among its member firms. Most of them are small, and could not spare a senior executive for the extended periods required. Moreover, a chairman drawn from one of the few large member firms might not be seen as sufficiently impartial.

Lord Elton, 57, has had junior ministerial posts in the Northern Ireland Office, the DHSS, the Home Office and finally the Department of the Environment, from which he retired last September.

He described his twin objectives at Fimbra yesterday as "providing to the investor the fullest possible protection at the least possible cost to the members of the association."

He has been engaged for a minimum period of two years and is the fifth independent member of the Fimbra council. A sixth outside appointment is likely to be made in due course.

Job Training Scheme faces council opposition

BY CHARLES LEADBEATER, LABOUR STAFF

THE GOVERNMENT's controversial new Job Training Scheme, which has provoked mounting trade union opposition, faces a campaign of non-co-operation from local authorities.

It is understood that local authorities' disenchantment with the scheme has led Mr John Pearman, the authorities' representative on the Manpower Services Commission, to consider resigning.

The campaign might make it difficult for the commission to recruit authorities to manage the scheme on a local basis and provide training places.

The campaign might also limit the commission's ability to place trainees on courses run by local education authorities.

The scheme is intended to offer a mix of work experience and off-the-job training. It was launched nationally little more than four weeks ago, with the aim of providing 110,000 places by the autumn.

Trade unions have been particularly critical of the MSC's decision to pay trainees an allowance little greater than their benefit entitlements.

Manchester, Sheffield, Rochdale, Burnley, Hull, Wolverhampton and nine inner London borough have declared that they will not take part in the scheme.

Several other authorities, including Peterborough, Dudley, Glasgow, Milton Keynes and day Luton, have said they are likely to oppose it.

The authorities are concerned that the MSC plans to expand the scheme so quickly that it will be difficult to ensure that trainees receive quality training.

They also fear that the expansion of the new JTS will lead to a cut in funding for the Community Programme for the long-term unemployed.

The TUC is to reconsider its tentative support for the scheme at a meeting of its General Council next Wednesday.

BICC to shed 120 jobs in R and D shake-up

BY TERRY DODSWORTH, INDUSTRIAL EDITOR

BICC, the UK cables and electronics group, is to make about 120 workers redundant as part of a shake-up of its research and development activities.

The reorganisation, announced to employees yesterday, involves closing the group's central research establishment at Wood Lane in west London.

About half the workforce at Wood Lane will be made redundant, but BICC aims to redeploy the other 120 or so employees into its divisional organisation.

Mr Robin Biggam, BICC's chief executive, said the new policy was designed to give a sharper focus to the company's development activity and ensure that the research and development effort was closely linked to customers' needs.

BICC said it would offer new jobs in the divisions to most of its scientific personnel at Wood Lane, and the main effect of the cuts would be on support staff.

In addition, about 50 scientists and professional staff would be taken on at a new, much smaller central research facility in the Hemel Hempstead area. The facility would be engaged particularly in systems integration projects for the communications and electronics divisions.

The reorganisations will entail additional investment in the divisional research organisations, BICC said. Transferred Wood Lane staff are to join existing development scientists.

High Court decides Ilea must leave County Hall

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

THE HIGH COURT yesterday thwarted the attempt by the Inner London Education Authority to stay in its headquarters at County Hall, once the home of the Greater London Council.

Lord Justice Watkins rejected an appeal by Ilea against the decision of the London Residuary Body to evict it in March 1988.

He gave no reasons for the decision — they will probably come next month. Only when the full judgment is available, an Ilea spokesman said, will it be possible to say whether there will be a further appeal.

The London Residuary Body, set up by the Government to dispose of GLC assets, wants Ilea out so that the County Hall complex, on the banks of the Thames opposite the Houses of Parliament, can be sold for redevelopment.

Proposals for redevelopment, including turning it into a complex of hotels, offices, shops and flats, are the subject of a planning inquiry, the results of which might determine how successful Richard Ellis, the surveyors hired by the London Residuary Body, will be in selling the buildings.

After the decision, Ilea said it was in a dilemma. It had no alternative premises, was rate-capped and had inadequate finance for a move. Letters to the Department of the Environment seeking financial help for a way out of the dilemma had met no response.

Oil joint venture formed

BY LUCY KELLAWAY

BRITISH AND COMMONWEALTH has formed a joint venture with Midland and Scottish to create a new offshore supplies company specialising in the development of small North Sea oilfields.

This is the latest in a series of offshore joint ventures formed since the oil price collapse, which has encouraged companies to pool financial and technical resources.

Midland & Scottish is a newly formed company which earlier this month acquired a 23 per cent stake in the small Emerald oilfield, due to be developed soon. It owns Offshore Marine Engineering, which makes drilling, production and subsea equipment, and employs 200 people in the midlands.

The new company will be one of the first new ventures aimed specifically at small oilfields, which over the past two years have claimed a growing share of total North Sea developments.

Millwall FC wins appeal

FINANCIAL TIMES REPORTER

MILLWALL Football Club will gain £3.7m as a result of a Court of Appeal decision yesterday that the Asda-MFI food-store chain must buy a piece of land adjoining the second division club's ground.

Asda had agreed to pay £3.7m for the 6½-acres adjoining the Den, intending to build a superstore there. But the company withdrew from the deal, claiming that a condition in the contract regarding planning consent had not been met.

The Appeal Court yesterday ruled however that the contract had been fulfilled and that Asda-MFI must complete the agreement and pay £3.7m.

Asda-MFI had claimed that planning permission had been given only through Millwall asking the planning authorities for a modification of the original consent. That had not been envisaged by either side and therefore it had the right not to complete the deal, the company said.

Lord Justice Dillon and Lord Justice Nicholl disagreed. They dismissed Asda's appeal against a High Court ruling

Dissenting, Sir Frederick Lawton said that in his opinion the modification had taken the deal beyond what was agreed.

Booksellers 'facing harsh times'

BY RAYMOND SNODDY

INDEPENDENT booksellers in Britain are facing increasing competaition and up to 300 may be forced out of business over the next decade.

Difficult times for the specialist bookseller are predicted in a comprehensive study o nthe market for books in the UK being completed by Arthur Young, management consultants.

The underlying problem facing the industry is that the prices of books have been rising compared with other competing products.

Between 1980 and 1984, the book price index rose by just over 70 per cent, while prices overall rose by only 27 per cent.

Arthur Young argues in the study, carried out for the Booksellers Association, that this has had a disastrous effecton book buying, with the proportion of households buying books in each two-week period dropping from 28 per cent to 24 per cent over the five-year period.

Mr Nick Morris, managing director (London Economics) at Arthur Young told a recent Booksellers Conference:

"Whatever may be claimed about perceived value and books still being good value, the fact remains that book prices rose steeply, and this was accompanied by a steep fall in the numbers buying books.

The consultants have been warning the publishing industry that if book prices move ahead of inflation by as little as 1 per cent fewer people will buy books.

According to Arthur Young, the industry appears to have been offering its dedicated customers more and better titles with the inevitable effect that print runs have become smaller and booksellers' costs have risen.

The overall news for booksellers, Arthur Young believes, is not all bleak, provided that the industry adopts efficient methods.

Over the past year there has been a sudden increase in the number of people buying between two and nine books a year and there appears to be scope for more bookshops, particularly in the south-east and south-west.

The consultants argue: "We firmly believe that booksellers as a category have a nimportant and profitable role to play in the high streets of the 1990s." They add that this will only be possible if they emulate the best retail practices.

UK NEWS—LABOUR

CPSA will urge members to vote for Labour

BY DAVID BRINDLE, LABOUR CORRESPONDENT

THE BIGGEST Civil Service union is to urge members to vote Labour in tht June general election in a move thought to be without precedent for 60 years.

The annual conference of the union, the 149,000-strong Civil and Public Services Association, voted for the overtly political stance yesterday in defiance of leadership advice and although the union is not affiliated to the Labour Party.

The move came as the Treasury agreed to a request from the CPSA for a meeting on Monday to discuss the present pay dispute. The Society of Civil and Public Servants, the other main union involved in the dispute, may also attend the meeting.

However, it seems highly unlikely that the Treasury will make any change to its "final" pay offer of 4.6 per cent — particularly with the election pending.

Treasury officials may be willing to discuss the possibility of a long-term pay determination system similar to that agreed for scientific and technical civil servants. But the CPSA this week reaffirmed its opposition to regional and merit pay schemes likely to be part of any such system.

The CPSA conference in Blackpool, which voted on Thursday to ballot on Labour affiliation within the next 12 months, resolved yesterday that the union "has a duty to recommend that members vote Labour."

No Civil Service union is thought to have done so since before the 1926 General Strike. Mr Barry Reamsbottom, for the CPSA's national executive committee, warned the conference that the move would alienate many members and prevent the Civil Service unions having a common front on election issues.

John Gapper looks at changes to help civil servants move south

Duty and the prohibitive mortgage

THE ADDITIONAL Housing Costs Allowance, which the Treasury has introduced to ease the movement of civil servants about the UK, is the central measure of a package intended to ensure that the notion of "mobile grades" does not seize up under increasing strain.

The allowance, worth up to the equivalent of the repayment cost of a £30,000 mortgage minus tax relief, is regarded by the Government as a reasonable solution to a problem facing its employees on the move. However the SCPS civil servants' union believes it will begin to crack under the pressure within a year.

A single civil servant living in a detached house in Sheffield who is transferred to central London for two years will have to find, on average, £85,081 more to buy an equivalent home at his new base.

Before April 1, he would have been entitled to two main allowances to ease his move: Inner London weighting of £1,465 and the *maximum* Excess Rent Allowance of £1,138. From June 1, he gets the maximum housing allowance of £2,460 plus the weighting, so the total has increased from £2,603 to £3,598 per year.

The housing cost allowance has been combined with a number of other adjustments among measures the Treasury believes are better "targeted" at those left worse off by moves.

The rent allowance was available for moves between any areas, whereas the housing allowance applies only to someone moving to an area of higher cost.

The other measures include:

- An increase in the advance of six months' salary, repayable over 10 years, available to employees moving to areas where the house-price gap is greater than the maximum housing allowance. That can now be calculated not on actual salary, but on the maximum salary possible within the employee's grade. Thus the advance for someone on the *minimum* Grade 7 salary increases from £7,159 to £9,732.
- The Excess Fares Allowance for those who must travel further from home to work because they have been moved to Inner London is paid on the difference between the increased fares and half rather than the whole of the weighting allowance.
- Detached duty terms, under which the civil servant is entitled to have the cost of his new accommodation met because it is considered to be a temporary posting, are paid to single householders if the job lasts for up to three years, rather than one year, as before.
- The minimum quality of housing which is considered to qualify an employee for householder status is abolished, and someone living in a mobile home may qualify for it in some cases.
- Householders moving to the London pay area can get 10 days' special leave to arrange the transfer, rather than seven days as before, and single non-householders, who previously were entitled to nothing, get three days.

The Treasury portrays those changes together as the act of a humane employer towards staff who, under their terms of contract, must move when they are told. The difficulty in attracting people from outside the south-east to vacant posts in the region, however, was also a consideration.

The package applies only to those who are moved compulsorily, but departments may use their discretion to give such status to, for example, an officer who is appointed to a post in London that was advertised by a "trawl" of staff in all regions.

The civil servant moving from Sheffield to London, however, must still meet more than £50,000 of the increase in his mortgage after the housing cost allowance is taken into account.

The Treasury hopes that the package taken together is sufficiently broad to combat the effects of the south-east's property price boom on his standard of living. The unions are convinced that his former colleagues in South Yorkshire will still not be eager to join him.

Nalgo expected to accept improved 7.5% pay offer

BY JOHN GAPPER, LABOUR STAFF

AN IMPROVED offer frcm local-authority employers to 600,000 white-collar staff is expected to be accepted by Nalgo, the union representing the majority of those involved, at its conference next month. It is worth an overall 7.5 per cent.

The increased offer, made on Thursday after Nalgo said it would ballot its 500,000 members affected on selective strikes if there was no improvement, will be recommended by the union's local government committee.

The committee decided yesterday that the two-stage offer, based on a flat-rate increase for some lower grades and a percentage rise for higher ones, was acceptable. It will be considered by conference delegates on June 8.

The improved offer was more appealing to the union because of the flat-rate element, which the original offer of 5 per cent did not contain. It was also considered to be sufficiently above the rate of inflation.

The first stage of the offer, which would cost 6 per cent in 1987-88, would be paid on July 1, and the second on February 1 next year. The flat-rate increase overall would be £516 by February, and the percentage increase would be just over 7 per cent.

The talks between the two sides, which were resumed on Thursday after being adjourned the week before, have been carried out aagInst a background of some resentment over pay levels on the part of th estaff involved.

Nalgo maintains that the pay rates for white-collar workers relative to their manual counterparts are at their lowest level since 1970. The union says differentials were eroded by settlements last year.

The structure of the offer is complex and is considered by Nalgo to be a sophisticated response to its objections to the earlier offer. Those in the lowest grades have been offered a mixture of flat-rate and percentage increases.

British Coal chief attacks flexible working opponents

BY CHARLES LEADBEATER, LABOUR STAFF

SIR ROBERT Haslam, chairman of British Coal, made a fierce attack yesterday on miners' leaders opposing more flexible working practices and shirt patterns.

In a thinly veiled attack on Mr Arthur Scargill, National Union of Mineworkers' president, Sir Robert said "flexible working practices would be the only way to preserve jobs in the industry."

The speech is part of British Coal's strategy to influence debate within the NUM in the run-up to its annual conference in July, which will decide the union's position on flexible working arrangements.

Sir Robert, speaking to the Institution of Mining Engineers, said: "We must no longer accept our coalfaces operating at perhaps only a third of their potential on each shift. We must increase the proportion of time when the face equipment, and the whole infrastructure which serves it, is actually working at full stretch."

While noting that most miners and many local union leaders have accepted the commercial realities of the industry, Sir Robert said he was amazed to continue to face adversarial attitudes from union leaders. *However, he also disclosed* that only 15 of British Coal's 125 pits were free from industrial disputes last year.

Miners' leaders opposed to the introduction of more flexible working arrangements are likely to use evidence of an increasing accident rate in mines to argue that the changes will lead to a deterioration in working conditions.

Unpublished official figures show that the number of dangerous occurrences per pit increased by about half in 1986-87.

Such occurrences, in which miners had to be withdrawn from a pit because of the potential for a serious accident, rose by 27 per cent to 348 last year. Over the same period the number of pits fell by about 18 per cent to 109.

Matsa signs single-union agreement

By Charles Leadbeater, Labour Staff

MATSA, the white-collar section of the General Municipal and Boilermakers' Union, has signed a single-union agreement with Pirelli, the tyre and cable manufacturers, for a high-technology manufacturing plant the company is building in South Wales.

The deal is a blow to the EETPU electricians union, which was competing for negotiating rights at the plant. The EETPU has signed a series of single-union deals with companies in South Wales.

Neither the company nor the union would say whether the agreement includes measures such as pendulum arbitration for industrial disputes, which have featured in other single-*union agreements*.

However, it is thought that the agreement includes union acceptance of a wide measure of worker flexibility. Pirelli has introduced just-in-time production team working and reduced demarcation lines in its tyre operations.

The plant at Aberdare, which the company mothballed two years ago, is to be equipped with one of the most advanced computer integrated manufacturing systems in the industry. It will combine flexible manufacturing cells, with automated stores and a computer-controlled system for moving parts around the site.

Pirelli is transferring some of its cable production from its Southampton plant, where there will be redundancies. Pilot production will commence towards the end of the year, building up to full production, employing about 150 people, in the first quarter of next year.

Engineering trade-off deal closer

By Our Labour Staff

PROSPECTS that engineering industry employers and trade unions may agree a wide-ranging deal, trading off increased worker flexibility for a cut in working hours, have improved, according to union leaders involved in the talks.

An agreed timetable for introducing the changes to working practices is now apparently the main obstacle to the parties' reaching agreement.

The employers have suggested *that the proposed one and a* half hour cut in working hours should be phased in over a three-year period beginning 12 months after a national agreement is signed.

The unions argue that companies should be allowed to implement the reduced hours immediately, should they wish to do so.

Even left-wing unions opposed to the talks between the Confederation of Shipbuilding and Engineering Unions, and the Engineering Employers Federation believe that a concession last week by the employers may have opened the way to a real agreement.

The Engineering Employers Federation last week told the unions that is was prepared to accept that changes to the working week to accommodate seasonal shifts in demand should be introduced only through consultation.

The CSEU is yet to agree its position on the changes to collective bargaining procedures the employers' federation wants. However, it is thought that some of smaller unions, which had feared the changes would allow the Amalgamated Engineering Union to dominate collective bargaining in the industry, now accept that they will be able to work with the proposed bargaining structure.

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BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

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A surplus of communiques

THERE IS one commodity that is in even greater surplus than wheat, copper or labour: the upbeat communiques that follow international gatherings of finance ministers, economists and bankers. This week's offering from Paris, at the close of the OECD ministerial meeting, made the usual pleas for greater economic co-operation, exchange rate stability and reduced trade imbalances. It was (in economists' jargon) a "perfect substitute" for the communiques that followed the Louvre meeting in February and last month's IMF/World Bank meeting in Washington. Another similar statement will doubtless be issued after the June economic summit in Venice.

It is tempting to write off these increasingly frequent protestations of good intentions as mere public relations exercises. Cynics can legitimately wonder whether the Venice summit will not provide more of a political boost for Mrs Thatcher than an economic boost for the industrialised world. After all, a succession of communiques has not prevented a halving of the world growth rate since 1984; nor have the communiques apparently had much impact on exchange rate

Strong criticism

Moreover, attempts to present a united front to the often sceptical financial markets are frequently undermined within hours of the publication of communiques. The Italian finance minister caused a commotion after the Washington meeting by dubbing the statement a weak response to a worsening situation.

This week, Mr Gerhardt Stoltenberg, the West German finance minister (who did not attend the OECD meeting), strongly criticised calls for fiscal reflation in Bonn. Mr Stoltenberg says he has gone to the "utmost limit" to stimulate growth through his tax-cutting programmes. IMF calculations suggest otherwise: on its figures, West German fiscal policy will be contractionary in 1987, just as it was in both 1985 and 1986 The only comfort for advocates of more expansionist German policies is that Mr Stoltenberg may be becoming isolated in Bonn. Both Mr Martin Bangemann, the economics minister (who was in Paris), and the Bundesbank are understood to favour a modest shift toward more expansionary policies.

Cynicism about international meetings, however, can easily be taken too far. Politicians' increased willingness to debate the problems of an interdependent world economy is paying some dividends. It is gradually narrowing the ideological gap between the protagonists and it is leading to a much fuller understanding of the causes of economic stresses and strains, if not yet to the implementation of solutions. In addition, with each successive meeting, Mr James Baker, the US Treasury Secretary, is finding more diplomatic, and hence more effective, ways of putting across his expansionary message.

Problems identified

International economic debate and the comparative analysis it stimulates have helped the main economies identify their particular shortcomings. Thus Japan — or at least senior officials in the Ministry of Finance — now recognises that it cannot continue to rely on a dynamic export sector; it must stimulate its domestic economy which in turn requires structural reform of its property and agricultural sectors. The US recognises that it must boost domestic savings and that it cannot for much longer rely on heavy foreign borrowing.

Domestic political pressures and interest group politics, of course, are hampering the implementation of structural reforms, but at least the problems have been identified. The momentum of reform is perhaps less evident in Europe. Inefficient labour markets have been recognised as a partial cause of Europe's excessively high unemployment, but liberalisation has been neither swift nor ambitious. Lip service has been paid to the need for radical tax reform, but few countries have yet delivered the goods.

From a US vantage point, the series of communiques following international meetings has glossed over European failings at both the microeconomic and macroeconomic level. Europe has neither introduced ovedue structural reforms nor acted in concert (as the largest trading bloc in the world) to stimulate global growth. In one sense, the US focus on West German austerity is unfair: on economic, if not political, grounds the debate about the need for expansionary policies should be conducted in Brussels, not Bonn.

Where continental Europe has scored, of course, is in exchange rate management. The EMS zone of relative stability only underlines the need to curb the gyrations of the major currencies that lack anchors. As the general election approaches, and capital inflows push sterling even higher, the passages in the communiques about the desirability of exchange rate stability acquire a special relevance for the UK.

Peter Riddell, political editor, looks back on a parliament dominated by Mrs Thatcher, in which opposition was reduced to a ritual

Little to lament

THE 1983-87 Parliament faded away yesterday amid much hand-shaking and goodbyes from departing veterans, but with little regret.

It has, above all, been the frustrated Parliament—frustrating for the opposition faced by an overwhelming Government majority (initially 144), frustrating for the SDP/Liberal Alliance with 26 per cent of the votes but only 3½ per cent of the seats in the Commons, frustrating for potential Conservative rebels able to make gestures but seldom able to change policy, and frustrating for the 150 newcomers in the class of '83 who have had little chance to make an impact.

The very imbalance of the parties has robbed Parliament of much of its vitality. As Mr Francis Pym memorably warned during the last campaign, shortly before he was sacked as Foreign Secretary, there are problems in a very large Commons majority, both for the Government and for the opposition.

The essence of a parliamentary system is that the opposition may take over from the Government. Even in previous parliaments with a big government majority—say in 1906-10 or 1959-64—the opposition has been tenacious. This time there has been a feeling of hopelessness. Mrs Thatcher has remained dominant, apart from briefly faltering during the Westland crisis in early 1986, as Mr Neil Kinnock has faced the familiar problem for a leader of the opposition of establishing his authority.

Moreover, few on the Labour side have believed they are likely to replace the Government. Like everyone else, they read the opinion polls.

Consequently, there has been an element of ritual about the opposition. Front-bench spokesmen like Mr John Smith on Westland and BYL last year, Dr John Cunningham and Mr Jack Straw on local government issues, and Mr Bryan Gould and Mr Robin Cook on City and financial affairs, have repeatedly harried ministers. Mr Denis Healey, too, has shown his incomparable mastery of invective, though occasional touches of ageing comic Archie Rice have crept in.

But the Labour leadership has lacked support from its backbenchers. This is partly because of the pressures of mandatory selection of MPs by their local parties, which has required a close watch on, and presence in, their constituencies. But a number of Labour MPs also clearly believe it is not worth while being active in the Commons.

On the Conservative side, too, the apparent invincibility of the Government has deterred potential critics. The Tory "wets" have been crushed, and now many of their leaders, such as Mr Francis Pym and Mr Jim Prior, are retiring.

It has been easy for the whips to indulge the couple of dozen ex-ministers, disappointed office seekers and mavericks who rebelled a number of times in the first two years of the parliament. They could capture a few headlines and nothing would change.

All this has made for little drama in the votes. The Government's defeat in April last year on the Shops Bill to deregulate trading hours—the first loss of such a measure on Second Reading for 60 years—was a spectacular exception that confirmed the general pattern.

There has been a different frustration for the Alliance. The Commons is designed for a two-party system and recognises seats won, not the total of popular votes. This led to early protests about unfair treatment and some changes have been made, notably giving the leader of the third-largest party in the House, the Liberals' Mr David Steel, the right to choose debates on three days a year.

There could be even greater pressure for procedural change in the next Parliament if, say, the Alliance comes very near to, or exceeds, the Labour total vote but only wins 45 to 50 seats. This could be met by granting greater representation on specialist select committees.

Newcomers must have found it a curious parliament. After the 1983 election there was talk about the 100 new Tories representing a wave of Thatcherites and the 40 Labour entrants a strengthening of the left. This was wrong on both counts. Some were strongly committed, but most were, as usual, mainly loyal to their party and their constituency.

On the Tory side, in particular, the very size of the majority brought in a mixed bag. Some had not expected to win and election to the Commons upset promising business and professional careers.

In general, the 1983 Tory intake has not been distinguished in the eyes of parliamentary veterans. It is, of course, difficult to shine from such a number but surprisingly few have tried. There have been few stars like the crop of ministers of state first elected in 1979—Mr Chris Patten, Mr John Patten, Mr William Waldegrave and Mr David Mellor.

The very imbalance of the parties has robbed parliament of much of its vitality

Mr Michael Howard, the under secretary for corporate and consumer affairs and widely tipped as the next Welsh Secretary, stands out as the main success of the 1983 intake, but he is anyway of a somewhat older generation. A few others have won office like Mr George Walden, Mr Roger Freeman, Mr Dick Tracey, Mr Christopher Chope and the unforgettable Mrs Edwina Currie—the most publicised under secretary on record. There are also men to be watched climbing the whip's office ladder like Mr Gerald Malone and Mr Richard Ryder.

On the backbenches, some members of the free-market New Right group have made a mark, like Mr Michael Forsyth and Mr Michael Fallon from St Andrews and Mr Peter Lilley, the Chancellor's parliamentary private secretary—and from the other wing of the party Mr Alistair Burt and Mr Steve Norris, who has been prominent on freedom of information issues.

Otherwise, many of the 1983 intake have sunk into quiesence, with a few notable exceptions like Mr Peter Bruinvels, who volunteered to become a hangman shortly after being elected in 1983, only to earn a magisterial rebuke from Mr Edward Heath in a debate on capital punishment.

On the Labour side, a handful of new members have emerged — notably regional spokesman Mr Gordon Brown, Mr Tony Blair on the Treasury team and Mr Nicholas Brown on legal affairs. On the backbenches there is Mr Tony Banks, a former star of London Labour politics, and Mrs Ann Clwyd from Wales.

Of the rest, Mr Paddy Ashdown of the Liberals and Mr John Hume of the Northern Ireland SDLP have become known, both more for their activity outside rather than inside Parliament.

At times, the lack of influence, both of new and old members, has threatened to become a problem. Indeed, shortly after the 1983 general election, many of the new Tories became so fed up with turning out night after night to sustain Government majorities of well over 100 that they pressed for new arrangements, known as the bisque system based on croquet. This allowed them at least one night off a week.

In the first years of the parliament, there were also tensions and rowdy scenes on the floor of the House, particularly before the new Speaker, the good-humoured Mr Bernard Weatherill, established himself. But after a demonstration leading to the suspension of proceedings, the hard-left has done little collectively, although a few like Mr Dennis Skinner and free spirits like Mr Tam Dalyell and Mr Dale Campbell-Savours, have remained thorns in the side of authority.

That this frustration has not boiled over more often is a tribute to Mr John Wakeham, the Chief Whip, and to Mr John Biffen, the leader of the Commons since 1942, whose wit and sense of fairness have defused many potentially serious rows. He has charmed the left as much as his own side, earning him the accolade last Monday from Mr Peter Shore, Labour's Shadow Leader, of being "a very civilised Leader." Mr Biffen's barbed interventions during the weekly business questions provided some of the few memorable moments, Westland aside, from an otherwise dull parliament.

It will require a closer party balance, or for Mrs Thatcher to falter, for excitement to return to Westminster.

The new rich take to art

By Antony Thorncroft

AS LOT 52 — In a London drawing room, painted in 1906 by the little known artist Joseph Oppenheimer — came under the hammer at Sotheby's sale of modern British pictures in London last Wednesday one dealer turned to a colleague and sniffed contemptuously: "A boudoir picture." A minute later he was looking thoughtful. This quite unexceptional painting, which Sotheby's valued at around £7,000, had sold for £46,200.

This is proving an extraordinary season for the fine art salerooms. An awareness that some of the profits generated by the economic booms on the New York and Tokyo stock markets were finding their way into works of art began to dawn last December when, in a matter of days, Christies' sold a painting by Monet for £7.7m, and Sotheby's replied with records for Braque (£6.6m) and Rembrandt (£7.26m). Then came the sale of Van Gogh's Sunflowers at Christie's in March which produced a record for any work of art at auction of £24.75m, and the dispersal of the Duchess of Windsor's jewels. Estimated at £5m they were finally scatered around the world for over £30m.

The market has taken heart from these headline-grabbing auctions. Last week in New York a paintaing by Willem de Kooning, hardly a household name, went for £2,147,928, and a Jackson Pollock abstract sold for £1,827,218. British artists were not left behind in the rush—Francis Bacon topped £1m for the first time, while David Hockney broke through the £200,000 barrier.

The bonanza continued this week in New York with new auction records for Monet, Klimt, Chagall, Giacometti, and many more, as Japanese buyers, a new and powerful force at auctions in the past year, fought against American collectors.

Traditionally the new rich have invested relatively little of their wealth in works of art. This may be changing. The salerooms, especially Sotheby's, have been energetically marketing the investment potential of art and some Americans banks, Citibank in particular, are prepared to offer loans, taking works of art as security. As the stock exchanges reach dizzy levels there is also some renewed interest among the ultra-cautious in art as an alternative investment—just in case.

The success of the British modern picture sale on Wednesday, which topped £2m, has convinced some British dealers that City money is at last moving into art in a substantial way.

Janet Green, who heads the (modern British) department at Sotheby's recorded 24 new buyers, nearly all British, and many from the City. There were also many unsuccessful new bidders and the dealers would often have been joining in on behalf of private collectors. For a sale of this quality to attract so many new buyers is exceptional.

Not all the dealers are pleased with the new arrivals. "Their taste is for easy pictures," says Peter Nahum, who was horrified at the exceptional prices paid for unexceptional art. He quotes a work by Dorothea Sharp, "a minor artist who managed the cheapest decorative effect for the least effort," which sold for £31,900, and a late and superficial beach scene by Harold Harvey which topped £50,000 against a £15,000 top estimate.

There are, of course, dangers in over-heating what is a narrow market, but fortunately there has developed a general consensus (even shared by some foreign collectors) that British art of the past century is actually much better than its traditional reputation. There is also the inescapable fact that the prices of the top Impressionist and modern pictures are now far above the budgets of most British collectors.

Traditionally the British are conservative in their artistic tastes, and most of the City buying in the saleroom is still of sporting pictures and landscapes, destined to decorate country homes. The rise of the "modern British"—artists whose work sold for around £3,000 a picture five years ago but who now command prices above £40,000 — suggests an increasing sophistication among buyers. But there is still a bias towards "easy" paintings.

The new generation in the City is being encouraged to go for British art of the post-war period which has a much higher reputation abroad than in the UK. In the past week, record prices were paid for British contemporary artists like Anthony Caro, Howard Hodgkin and Prunella Clough. The new rich in the US have been patriotic in their appreciation of art for many years: now their British rivals are taking the plunge at last.

Man in the News

Gerhard Stoltenberg

A cool Teuton with a fight on his hands

By David Marsh in Bonn

ONE INFLUENTIAL ambassador in Bonn calls Mr Gerhard Stoltenberg, not without respect, "the wooden Teuton."

To the West German electorate at large, the tall, silvery-haired Finance Minister, born the son of a pastor in the northernmost state of Schleswig Holstein, 58 years ago, is the "cool Northerner" who has brought order to the nation's finances.

Mr Otto Lambsdorff, the former economics minister, now an influential critic of economic policy from the ranks of the junior coalition partners, the liberal Free Democratic Party (FDP), sums him up thus: "He is a respectable person — with a degree of stubbornness."

Stubbornness Mr Stoltenberg has shown in plenty this week. For the umpteenth time over the last two or three years, the Finance Minister has turned down calls from abroad for action to simulate the West German economy.

With West German growth flagging, its economic policies come under critical scrutiny at this week's ministerial meeting of the Organisation for Economic Co-operation and Development (OECD) in Paris.

Mr Martin Bangemann, the FDP Economics Minister, who headed the German delegation at the meeting, was persuaded to insert into the closing communique Bonn's readiness to review its economic policies if growth prospects continued sluggish in the next few months.

Mr Stoltenberg did not take long to let it be known that the apparent concession by Mr Bangemann — for whom he has no great regard — was a little extreme.

Mr Stoltenberg is a reserved man who preaches to election audiences (and gets applauded for it) that it is better to have 1 per cent less growth than 1 per cent more inflation.

He is one of the country's most popular politicians—and for several years has been the chief heir-apparent within the Christian Democratic Party (CDU) to Chancellor Helmut Kohl—precisely because of his seriousness and reputation for solidity.

This was no time to lose it. On Thursday he told a Press conference that pressure from abroad for extra stimulatory action was unjustified as Germany was already doing enough with nearly DM 50bn of tax cuts programmed from 1986 to 1990.

In an interview later, he rammed home the message. Although the Government now expects growth of only about 2 per cent this year, against the 2.5 per cent to 3 per cent being confidently predicted at the end of last year, demands from the US and other countries for tax cuts scheduled for 1988 and 1990 to be speeded up were "unrealistic."

His big problem, Mr Stoltenberg explained, was the German federal states (Laender), which receive directly and indirectly close to half the taxes raised in the country.

The Laender are represented in the federal council (Bundesrat), the upper house of parliament, which has to agree tax bills before they can become law.

And several Laender, especially the less prosperous ones in the north, are already complaining bitterly about foregoing revenues which they will be losing under the existing 1988 and 1990 plans.

The checks and balances represented by federalism and the need to placate all sections of the coalition government are increasingly becoming a hindrance to decisive policy-making in Bonn.

Mr Stoltenberg's innate economic conservatism if anything appears to have been increased by diverse pressure over the past few years from the Reagan Administration, the OECD and most of West Germany's economic forecasting institutes for Bonn to loosen further the fiscal policy reins.

The FDP-led Economics Ministry has been urging accelerated tax cuts since the growth slowdown became evident at the end of last year.

So there might be quite an inter-ministerial fight during the next few months

That is not the only battle Mr Stoltenberg has on his hands. Although he might be stubborn, he lacks the grit to handle down-to-earth political infighting of the kind all too often practised within the Bonn coalition.

In order to finance a total DM 44bn in tax cuts planned to take effect in 1990, Mr Stoltenberg aims to shave DM 19bn from subsidies throughout the economy.

There is some doubt whether he will be able to push through highly unpopular cuts in state cash for hard-hit industrial and rural areas.

Mr Stoltenberg has also been accused—including by Mr Lambsdorff and the FDP—of lacking sufficient bite to push through deregulation and privatisation to make the economy more efficient.

"We have rather strong vested interests," agrees Mr Stoltenberg. He says privatisation—which has recently picked up steam with the sale in March of the state's last 25.6 per cent interest in energy and chemicals group Veba—is "on rather a good track."

However plans to reduce the state's majority interest in Lufthansa, the national airline, were thwarted by Mr Franz Josef Strauss, the leader of the Bavarian Christian Social Union (CSU)—showing how easily Mr Stoltenberg can fall victim to coalition tussles.

Where does Mr Stoltenberg go from here? He faces another struggle with Mr Strauss, the supervisory board chairman of Airbus Industrie, over the request of the German industrial partner in Airbus for DM 7bn in state financing—a figure which Mr Stoltenberg says is "too much."

A lot will depend on Mr Kohl. The Chancellor embarrassed his Finance Minister by making a public offer of his portfolio to Mr Strauss as a ploy during the long drawn-out coalition bargaining after the January general elections.

Mr Strauss turned down the offer—as almost everyone thought he would. The stratagem may have been, above all, a somewhat surrealistic effort by the Chancellor to trim the sails of a man often viewed as his successor. But the affair almost certainly weakened Mr Stoltenberg's authority. The next few months will show whether he has regained it.

Mystery still surrounds aspects of the Guinness affair—**Clive Wolman** tackles some of the outstanding questions

Following the money trail

From the left, Mr Gerald Ronson, Mr Ephraim Margulies and Mr Ernest Saunders

SINCE THE dismissal of Mr Ernest Saunders as chairman and chief executive of Guinness in January, six weeks after the launch of an investigation by the Department of Trade and Industry, many details of the possibly illegal activities and payments during last year's £2.5bn takeover bid for Distillers have remained shrouded in mystery.

Now, however, it is possible to assemble some of the missing pieces of the jigsaw. These are some of the outstanding questions:

How large was the share support operation aimed at boosting the Guinness share price artificially during the takeover battle?

As the table shows, the total number of Guinness shares bought during the takeover battle by Guinness supporters who were given some form of inducement or payment came to about 80m, more than one quarter of the share capital of the company. Another 33m shares were received by three of these supporters when they pledged their Distillers shares in favour of the Guinness bid. The total spending of Guinness supporters on share purchases during the bid totalled more than £250m. After the bid, the Zurich-based Bank Leu was used in a second role to buy back many of these shares at an artificially high price to ensure the supporters suffered no loss.

Who planned and executed the operation?

There was no central strategic planning of the operation, which gathered momentum in response to varying pressures at different stages. Guinness directors involved have argued that they never discussed together, and were never made aware of, what types of share support mobilisation were permitted and what was barred under the Companies Act and the Takeover Code. They argue that they were never questioned by their professional advisers, in particular the stockbroking firm Cazenove and the solicitors Freshfields, about the reasons behind the wave of Guinness share purchases. Freshfields says that its partners were made aware of nothing that would give rise to suspicions of breaches of the Companies Act and Takeover Code.

At the very start of the battle, Mr Saunders initiated an approach to Mr Gerald Ronson, head of the Heron Corporation, a large private property and retailing company, and discussed his possible assistance.

Later on, after Guinness made a revised bid, deals were struck by Mr Thomas Ward, the US lawyer who was a non-executive director of Guinness, with two transatlantic purchasers. These were Mr Ivan Boesky, the US arbitrageur, whose downfall on charges of systematic insider dealing last November precipitated the DTI investigation of Guinness, and Mr Meshulam Riklis, who owns Schenley Industries, the US distributor of Dewar's White Label Whisky for Distillers.

In the final stages of the bid, Guinness arranged for Bank Leu to buy both Guinness and Distillers shares. In this period, the pressure on Guinness to support its share price was particularly intense as supporters of the Argyll Group, rival bidders for Distillers, were seeking to drive down the price through selling pressure and to boost the Argyll share price.

During this period, Mr Roger Seelig, a corporate finance director of Morgan Grenfell, Guinness's merchant bank adviser, also arranged independently three share purchase deals, one with the assistance of his former colleague Lord (Patrick) Spens, of the merchant bank Henry Ansbacher.

What was the role of Sir Jack Lyons and Mr Tony Parnes?

Sir Jack Lyons, an adviser to Bain and Co, Guinness's management consultants, was paid a fee of about £3m for his assistance in avoiding a referral of the revised Guinness bid to the Monopolies and Mergers Commission. His services were valued so highly supposedly because of his exceptionally good contacts in the Office of Fair Trading and elsewhere in government.

Mr Parnes, a self-employed stockbroker attached to Alexanders Laing and Cruickshank, was introduced to Mr Saunders in 1984 by Sir Jack Lyons. He was paid £350,000 for his work for Guinness during the bid for Arthur Bell. In the Distillers bid, he acted as an intermediary between Guinness and two of his private clients, Mr Ronson and Mr Ephraim Margulies, chairman of S. & W. Berisford, the commodity trading company. He also advised on stock market activity, and was paid a total fee of about £3m.

Why were such large fees paid to the companies of Mr Ronson and Mr Margulies?

Mr Ronson drove a particularly hard bargain with Guinness when negotiating the terms of his support. He indicated that he might switch his support to the rival Argyll camp, a tactic which he had employed to great effect during the Burton Group's bid for Debenham's in 1985.

It was agreed, in breach of the Takeover Code, that the £5m fee to Mr Ronson would be used to cover the costs of property advice that the Heron Corporation would give Guinness on the reorganisation of the Distillers propertyl portfolio. Both sides accepted that £5m was generous for the work involved. The £5m payment was made in two stages, in May and the early autumn, in the period Heron was advising on the possible disposal or redevelopment of several Distillers properties in the London area. The transactions, which included the headquarters' buildings of several Distillers brands, were carried out by Morgan Grenfell Laurie, the surveying and estate agency company, part of the merchant bank.

Mr Ronson was also given an indemnity payment to compensate him for losses on his holdings of Guinness shares. Mr Ronson has since returned both payments. As a result, Heron has received no fee for its property work.

Mr Parnes negotiated, on behalf of Guinness, a slightly different deal with Mr Margulies. Initially, Mr Margulies demanded no fee for arranging the purchase of shares by his company and by Cifco, a Swiss trading company with whose manager, Mr Charles Rosenbaum, he had close personal ties. But after the bid, it was decided to remove any obligation Guinness might have to return the favour (S. & W. Berisford was under takeover pressure at the time) by paying a fee on the same basis as to Mr Ronson, about 20 per cent of the value of the investment plus an indemnity. Mr Margulies said that, in return for the fee, he would give Guinness assistance in its exports of Distillers spirits, although, by the time the DTI inquiry was launched, no such assistance had been rendered.

Part of the Guinness fee was directed to an S. & W. Berisford subsidiary and part was paid to Cifco. Mr Margulies is now helping Guinness to try to recover the Cifco payment.

What inducements were given to Mr Riklis for his support?

The Argyll Group indicated to Mr Riklis that if it won Distillers, it might remove Schenley's lucrative distribution contract for Dewar's White Label. Mr Riklis subsequently had several meetings with Mr Ward about the views of Guinness on the Dewar's contract and the US distributorship of Gordon's Gin, which was held by the Renfield Corporation.

Following these meetings, Mr Riklis approached the main shareholders and directors of Renfield. He told them that Guinness had assured him that it would award the Gordon's Gin distributorship to Schenley, once it won control of Distillers. As a result, Renfield would also lose other drinks distribution contracts. These plans were subsequently confirmed to Renfield by Mr Saunders. The outcome was that Renfield's shareholders agreed to sell their company to Mr Riklis at what they now claim is a substantial undervalue.

What prompted the DTI enquiry?

A file was sent by the US Securities and Exchange Commission to the DTI, which contained information provided by Mr Boesky, as part of a plea-bargaining arrangement, after the SEC had accused him of systematic insider-dealing. Mr Boesky doubtless told the SEC of Guinness's $100m (£59.5m) investment in his partnership, which was probably a pay-off for his support during the Distillers bid.

How did the Guinness directors expect their share-rigging operation to remain undetected? Without the Boesky tip-off, would anyone else, for example Price Waterhouse, the Guinness auditors, have uncovered the share-rigging operation?

Mr Saunders apparently felt sufficiently confident about the correctness of the payments to Guinness supporters and advisers to assure Mr Ward and finance director Mr Olivier Boux that he would be able to answer satisfactorily any queries from Price Waterhouse.

The previous year, Price Waterhouse had accepted a £350,000 payment to a company owned by Mr Parnes for services relating to the Bell's takeover bid.

Price Waterhouse had two audit and accounting managers working full-time for Guinness and another two employees working on a semi-permanent basis. In the last financial year, it was paid audit and consultancy fees by Guinness of about £3m.

The Price Waterhouse auditors were given a full list of the invoices and payments to the Guinness supporters during the bid as early as July. But it was not until the end of November, a few days before the DTI inquiry began, that any questions were asked of Guinness about these invoices, even though the Price Waterhouse auditors had checked and approved informally the interim Guinness financial results.

Price Waterhouse says that its internal procedures would inevitably have led it to question the invoices further until it received full explanations.

What prompted the spate of confessions shortly after the DTI inquiry was launched on December 1, which led to the resignations or dismissals of several Guinness and Morgan Grenfell directors?

In the Guinness camp, a rift quickly emerged in the early days of the inquiry which led to a full-blooded confrontation on December 19 over the role of Sir David Napley. He was appointed unilaterally by Mr Saunders to replace Freshfields as Guinness's lawyers for the inquiry. Mr Roux then took independent advice from the solicitors of Bain and Co, the management consultancy firm which had seconded him to Guinness. Over the Christmas-New Year period, while Mr Saunders was away in Switzerland, Mr Roux prepared a letter detailing the share support operation, which was sent to Sir David Napley and the Guinness non-executive directors on January 4.

In the Morgan Grenfell camp, Mr Seelig's position became untenable as a result of press allegations that he had mobilised support for Guinness from Henry Ansbacher clients on an illicit basis. Seelig may also have become aware that his telephone conversations with L. F. Rothschild Unterberg Tobin, when he persuaded it to buy Guinness shares, had been taped and the tapes handed over to the DTI inspectors.

THE SHARE SUPPORT OPERATION

BUYER	BUYER'S COMPANY	NUMBER OF GUINNESS SHARES BOUGHT	COST	DEAL ARRANGED BY	INDUCEMENT/ PAYMENT
Riklis	Rapid American Corp, Schenley Industries	23m (10m through Distillers' holding)	£90m	Ward	US distribution rights for Gordon's gin and US trademark for Dewar's White Label awarded to Schenley
Boesky		32m Guinness and Distillers' shares	£70m	Ward	$100m Guinness investment in partnership (possibly some other payment)
Ronson	Heron Corporation	8m	£25m	Parnes	£0.8m indemnity plus £5m fee for "property advice"
Margulies	S & W Berisford (and Cifco, Geneva)	4m	£13m	Parnes	£3.4m fee supposedly for assisting in the export of spirits
Bank Leu, Zurich	—	32m (18m through Distillers' holding)	£100m	Ward	Indemnity secured by £50m deposit
Bank Leu, Zurich	—	24m after bid	£80m	Roux	
Zentralsparkasse Vienna	—	0.6m	£1.9m	—	£254,000 fee
Clients of:	Henry Ansbacher	2.1m	£7.6m	Seelig and Spens	Indemnity
	L. F. Rothschild	6m	£19m	Seelig	Indemnity (paid by Morgan Grenfell)
Beneficiaries of:	Rudani Corp (Dutch Antilles)	8m	£25m	Seelig	£1.95m fee to cover costs

Letters to the Editor

Joining the EMS

From Mr P. Spencer and Mr G. Keating

Sir, — Fortunately, the dilemma facing the Government is not as stark as Samuel Brittan (May 14) suggests. He says that the choice is between interest rates falling perhaps "as low as 5 per cent," or sterling moving up to a level at which "competitiveness would be endangered."

There is another alternative: membership of the European Monetary System combined with a modest appreciation of sterling, and only a limited cut in interest rates, say to 8 per cent.

At DM 3.20, for example, UK manufacturing unit labour costs would still be 15 per cent lower against Germany, than they were on average in the five years of high oil prices, 1981 to 1985. UK industry would also benefit from much lower interest rates than in those years. The trade balance on manufactured goods has already improved greatly from the 1986 figure and we would expect most of that improvement to be maintained.

A move upwards to DM 3.20 in the middle of this year would be excellent timing for its effect on pay bargaining. Many UK exporting companies have taken cover to lock-in the benefits of the recent low exchange rate. They would therefore suffer little immediate reduction in cashflow, but would be well aware of the need to reduce pay settlements in the new pay round, starting this autumn. This combination of short-term financial strength but longer-term pressure for cost cutting would strengthen the hand of management pay bargainers.

EMS membership would help industry by locking-in the UK's competitive advantage. That advantage would be smaller than now, but the reduced uncertainty would offset the narrowing of the competitive edge, by, for example, tipping the balance in favour of investing in the UK rather than elsewhere in the EC.

EMS membership reduces exchange rate volatility and thus gives the Government an extra instrument. The exchange rate level can be used to reduce inflation, while reduced exchange rate volatility is used to help industry.

Peter Spencer, Giles Keating.
Credit Suisse First Boston,
22 Bishopsgate, EC2

Monaco's role

From Mr J. Duffy

Sir,—I have read with great interest your May 5 supplement about the Principality of Monaco, and, while I generally feel it is well researched, I believe it largely ignored an important aspect of Monaco's emerging role.

Before Monaco can fulfil its potential as a financial centre, it is first necessary for it to have developed the broad range of support services that must complement this role. This is happening, and it might have been both interesting and informative if more were said about it.

For example, Monaco now has branch offices of two international law firms and three international accounting firms. In addition, a number of major United States banks, primarily from New York, have facilities here as do a number of major United States brokerage firms that are members of the New York Stock Exchange. Thus, there is already a growing base of legal, accounting, and financial services available to support the trends your article suggests.

James P. Duffy III,
29 Bd Princesse Charlotte, Monte Carlo.

Disaster casebook

From the Chairman and Chief Executive, Istel

Sir,—I was very interested to read your article, May 14, reporting on the conclusions of the latest "Computer disaster casebook" compiled by Dr Kenneth Wong and William Farquhar. It is surprising to find just how many boards of companies are prepared to live with the risk of a computer disaster, although they insure most other aspects of their business effectively.

The authors warn that many firms with sizeable computer installations are still not making sufficient funds available to provide effective cover. It is very clear that many of the limited back-up facilities being provided would be of little avail should there be a disaster. Most of such facilities simply could not cope with the demands of running the business.

I accept that it is perfectly valid for a board of directors to decide not to insure this aspect of its business; however, what I do not believe justifiable is for so many boards of companies to be unaware of the consequences of a computer disaster to their organisation and to be lulled into a false sense of security by relying on protection from token back-up facilities. Until boards take this issue seriously, many organisations in the UK will remain very vulnerable to the abrupt and catastrophic interruption to business that a computer disaster can bring.

J. P. Leighfield,
PO Box 5,
Grosvenor House,
Prospect Hill,
Redditch, Worcs.

Consulting actuaries

From the Honorary Secretary, Association of Consulting Actuaries.

Sir,—Your article of May 11 refers to the proposed liberalisation of the professional code of the Institute and Faculty of Actuaries whereby the use of the term "consulting actuaries" may be extended to any organisation all of whose directors are qualified actuaries. Hitherto the term has been restricted to professional partnerships of actuaries.

This association takes the view that by custom and practice the term "consulting actuaries" has always been associated in the UK with independence since it has always been restricted to professional partners which are, by their very constitution independent. The association sees an important distinction between organisations which are wholly owned and controlled by actuaries, hitherto uniquely defined by the term consulting actuaries, and organisations which are not.

Under the new proposals, which have followed discussions between the institute and the Office of Fair Trading, any company all of whose directors are actuaries would be permitted to style itself a firm of consulting actuaries. The company need not however be "independent" in the accepted sense of the word, as the ownership could rest wholly in the hands of non-actuaries.

If the proposed changes take effect, recipients of actuarial advice will need to make careful enquiry regarding the ownership structure of potential actuarial advisers.

As regards the future viability of the association, the current membership of the ACA which is on the basis of membership as individuals, is virtually unchanged from before the takeover of one of the firms of consulting actuaries by an American insurance broking group last year. Since then the number of actuarial firms represented in the ACA has increased—hardly a weakened association!

P. N. Thornton.
7 Rolls Buildings,
Fetter Lane, EC4.

Research needed

From Mr J. Farley

Sir,—I found your article about the safety of air travel in Weekend FT (May 9) interesting and reassuring but nevertheless unsatisfactory. What the average traveller wants to know when setting off on a journey is whether or not he is going to get off that aeroplane, bus, ferry, car, train or bicycle safely and in one piece.

Clearly, figures based on passenger miles are misleading as the average journey in, say, a car is only a few miles whereas that in an aeroplane is probably several hundred miles. What is needed is some research into the distance travelled on average journeys in various forms of transport so that the real risks involved can be compared.

J. D. Farley.
Bethcote Cottage,
Holton Park,
Holton, Oxford.

19ft floor to ceiling

From Mr C. Coyne

Sir,—I do not suggest that a 19ft office floor to ceiling height will become common (Mr Hayden, April 23), but such a height is no necessarily uneconomic. That depends on the needs of the companies renting the space and the rent they are prepared to pay. As in most spheres of human activity it is difficult to disentangle the real trend in office design from the headlines. But 19 ft is the clearance now being built in the third phase of the Broadgate development and any study of office design trends must take note of this.

Floor to ceiling height, adequate or inadequate, is not the only reason to condemn 1970s office blocks. They were erected to provide the maximum number of individual cell offices at the lowest possible price. Typically they rely on natural daylighting with twin rows of offices on either side of a central corridor. They provide neither the area per floor nor the configuration needed for the open-plan, flexible office space increasingly looked for by modern tenants.

Demolition is not the only solution for all 1960s and 1970s slab blocks. But it is the solution which will be adopted for many of them. Economic forces brought them into being and economic forces will retain some and destroy many.

Planning restraint and listing will not save these types of buildings. Once their economic life is over who on earth wants to keep them?

Charles Coyne
(Commercial division head),
Industrial Market Research.
Kew Bridge House,
Kew Bridge Road,
Brentford, Middlesex.

An octave in mid-phrase

From Mr F. Fawcett

Sir,—One of my chief delights in reading the Financial Times is to turn to the Arts Page and enjoy the notes of your contributors on various aspects.

I feel however a line must be dropped after reading B. A. Young's write-up (May 7) of "Jack Buchanan" at the Birmingham Rep. He says that Anthony Bowles should arrange "Goodnight Vienna" so that Peter Woodward does not have to leap from creaking bass up an octave in mid-phrase. It must be that it is a case of young by name young by nature and that it is all a bit before his time. I would have thought that a good proportion of the audience would have been able to enlighten him that this was the very manner in which Jack Buchanan did sing and to alter "Goodnight Vienna" would have made the whole thing pointless.

I am not saying necessarily that it was a peculiarity that I enjoyed but to have changed it would have been like re-writing the words of "Sally" in a Gracie Fields life-story.

Frank Fawcett.
64 Slough Hall Ave,
Thorpe Helsey,
Rotherham, Yorks

Tactical voting

From Mr C. Mair

Sir,—In all the discussions on polls and the coming election, what appears to have been overlooked is the place of the tactical opinion poll vote.

Chris Mair.
6 Rossmore Road, NW1.

UK COMPANY NEWS

BELHAVEN UPS INVESTMENT IN LEISURE INDUSTRY

Garfunkels accepts £98.2m bid

BY LISA WOOD

BELHAVEN, the Dunbar-based brewery, has made a £93.2m recommended offer, for the fast-growing Garfunkels restaurant chain which trades under a variety of names including Deep Pan Pizza and Biguns Ribs.

On behalf of Belhaven, merchant bankers treaty Ansbacher is offering four new shares for every ordinary share in Garfunkels, with a 264p cash alternative.

Belhaven closed down 4p last night a 74p, valuing each Garfunkels share at 296p. Garfunkels closed at 279p, up 31p.

Irrevocable undertakings to accept the offer have been received from 29 per cent of the shareholders, including the directors of Garfunkels.

Ansbacher said it appeared to be a reverse take-over to the extent that Garfunkels market capitalisation was bigger than that of Belhaven but not in terms of management as Mr Raymond Miguel, chairman and chief executive of Belhaven, would continue in that role.

The proposed acquisition is part of Belhaven's strategy to increase its investment in the leisure industry.

Belhaven said: "The acquisition of Garfunkels is a logical and positive first step in this direction. The combined strengths of the two companies will give impetus to Belhaven's desire to expand rapidly in brewing, restaurants and hotels."

For the year ended March 31 Belhaven estimates that its profits before exceptional and extraordinary costs and taxation was approximately £1.36m.

Garfunkels, with a £4.81m pre-tax profit in 1986, was built up by brothers Mr Reggie and Mr Phillip Kaye and is the third company that they have nurtured and grown on the stock market.

Their Golden Eg grestaurant chain was sold to EMI in the early 1970s. City Hotels, which operated Strikes restaurants, was the subject of an agreed take-over by Comfort Hotels in 1979.

On the offer being declared unconditional Mr Miquel, will become chairman of Garfunkels. Mr Phillip Kaye will join the Belhaven board with Mr Anthony Montague, chairman of Abingworth, which holds 8 per cent of Garfunkels shares.

Mr Phillip Kaye will remain chief executive of Garfunkels. The Kaye brothers and their families own about 21 per cent of Garfunkels. They and Abingworth have taken two-thirds of the offer in paper and one-thir din cash.

Mr Miquel was the former chairman of Arthur Bell, the Scottish distiller which he built up into a major force in the Scotch whisky industry. He left Arthur Bell a few months after Guinness acquired the company in an acrimonious take-over battle.

Mr Miquel moved into Belhaven last September, backed by Ansbacher and its clients.

Since December, Belhaven has been pursuing its new strategy for growth. This includes a £14m rights issue, the disposal of two subsidiaries, and there is a possible sale of remaining off-licence premises and a couple of hotels.

Belhaven, which is expanding its brewing facilities, is looking in the long-term to build up branded sales of Belhaven beers, especially south of the border.

Raymond Miquel, chairman and chief executive of Belhaven

See Lex

SHT seeks expansion via £17m cash call

By Clay Harris

Scottish Heritable Trust, the industrial holding company with activities from oriental carpets to fireworks, is to raise £16.5m for further expansion through a one-for-four rights issue.

SHT shares fell 7p to 240p yesterday, compared with the rights price of 215p.

The York-based company intends to use the proceeds to reduce borrowing, which stood at £18.3m at the end of last year, and to fund additional acquisitions which are likely to be larger than those of the past.

It will be looking for new divisions as well as companies to add on to existing activities. "We've always got companies which we'd like to buy, but whether they're buyable is another thing," said Mr Robin Garland, managing director.

SHT's rapid expansion policy nearly doubled pre-tax profits from £3.25m to £6.2m in 1986, but also contributed to a sharp increase in debt.

Its diverse interests include property, floor-coverings, building and quarrying, hospital beds and textiles.

Europe's largest maker of fireworks, SHT recently received clearance from the Office of Fair Trading to raise its stake of the UK market to 70 per cent with the acquisition of Brock's, based in Scotland.

It had bought Standard Fireworks, Britain's leading pyrotechnic group, in 1986.

Lyle Shipping forced to call in receiver

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

Lyle Shipping yesterday announced that it was being forced into receivership by low freight rates in the dry cargo market and the refusal of some of its bankers to accept refinancing proposals.

Lyle has been in difficulties for several years, and has remained in business largely as a result of foreign exchange gains and the patience of its bank.

Paradoxically, the group has succumbed just as shopbrokers report that freight rates are beginning to show signs of sustained improvement.

In a statement, Lyle said rates had improved since the low point at the end of 1986, but were still insufficient to cover costs, and the group's financial position was continuing to deteriorate.

"The present position is such that the directors do not now believe that trading can continue other than under receivership," the board said.

Lyle announced last month that it was delaying publication of preliminary results for 1986 while discussions continued with its bankers, including the Bank of Brazil, Continental Illinois and the Bank of Scotland.

The group said yesterday that the Bank of Scotland had accepted proposals for a long-term solution, and agreed to provide essential working capital.

The proposals were rejected by Lyle's overseas bankers, however.

"Despite extensive discussion, none of these overseas lenders is prepared to accept the management proposals or to agree to any other viable course of action," the group said.

As a result of the failure of negotiations Lyle has been forced to sell several of its fleet of 10 bulk carriers—removing any hopes of benefiting significantly from an upturn in the shipping market.

Lyle said ordinary trade creditors would be paid in full, since facilities to meet day-to-day costs had already been arranged in order to allow the group to continue to trade while the management proposals were being considered by the banks.

The group's ship management subsidiary, Lyle Ship Management, will continue to trade. The company manages nine ships on behalf of various owners.

Lyle suffered its worst rates for six years in the first half of 1986, when losses on shipping operations totalled £3.37m, compared with £4.88m in the whole of 1985.

The group was able to report pre-tax profits of £6.81m in 1985 only as a result of foreign exchange gains of £14.76m caused by the relative strength of sterling against the US dollar.

KLP makes $20m purchase in US

By Alice Rawsthorn

THE KLP Group has taken a step towards fulfilling its ambition to become the world's largest sales promotion consultancy by announcing plans to acquire Comart Associates, US marketing and promotion agency, for up to $19.8m (£11.8m).

In order to finance the first phase of the deal and to provide capital for future acquisitions, KLP also unveiled proposals for a one-for-three rights issue to raise £8.1m.

Comart, which is based in New York, is the third largest sales promotion group in the US. Its activities embrace sales promotion, a marketing consultancy and audio visual display. KLP has, according to Mr Colin Lloyd, chief executive, been searching for a US company for the last two years. He said that Comart shared several common clients including Beechams, Colgate Palmolive and Nabisco.

KLP will make an initial cash payment of $3.2m and issue 310,000 shares. The balance will be paid in three profit-related sums during the next three years.

KLP has met with mixed fortunes since it joined the USM four years ago. In 1985 its share price slumped on the announcement that Asda, the retail group, was taking legal action against a subsidiary. The case has not been resolved but KLP's growth has continued and the shares have almost doubled in the course of 1987.

In the rights issue KLP will release 2.23m shares at 397p each. Its share price fell by 5p to 465p on the announcement yesterday.

The board also announced its intention that the company should graduate to a full listing.

Shoralplan's USM placing at 92p a share

By Philip Coggan

Shoralplan, a company which designs and constructs interiors for City offices, is joining the Unlisted Securities Market via a placing under which all shares on offer are being sold by directors.

Mr Roger Taylor, the chairman, who founded the company in 1976, is selling 2.88m shares to raise just under £2.65m, although he will retain 50 per cent of the equity. However, Mr Taylor is paying the company £867,000 to repay debts and to buy "certain assets which are not necessary for the company's business" such as property in Marbella, Spain, and antiques and paintings worth £100,000. He is also assuming a liability of £144,000.

At the placing price of 92p, the market capitalisation of the company is £8.24m. The total number of shares being placed is just over 3.35m, or around 37 per cent of the equity.

In the year to October 31, 1986, the company made on turnover of just under £7m, pre-tax profits of £833,000, of which £230,000 came from leasing agreements with one client, which will begin to run out next year. That gives a historic p/e at the placing price of 16.1.

The company's accounts were qualifed for four consecutive years although the present auditors have removed the qualification for two of those four years and the latest accounts are unqualified. Shoralplan has hitherto not considered it necessary to appoint a finance director but proposes to appoint one "shortly."

Brokers to the issue are Chase Manhattan Securities.

MacLellan profits drop 43%

BY CLAY HARRIS

P. & W. MacLellan, the agricultural parts distributor and property group soon to come under the management of Mr Philip Ling, yesterday reported a 43 per cent fall in pre-tax profits for last year.

The entire decline from £631,000 to £358,000 reflected, however, losses at industrial supplies and computer operations which were sold during the year. Recovery in the second half enabled profits from continuing activities to edge ahead from £853,000 to £856,000.

MacLellan also took a £462,000 extraordinary charge on its disposals.

Although earnings per share fell to 3.6p (6.4p), MacLellan plans an unchanged final dividend of 1.2p to maintain the total at 1.9p.

Trading after the first four months of the current year was very satisfactory, according to Mr Chris Howard, chairman. Turnover from agricultural parts was 21 per cent ahead of the same period last year.

Mr Ling plans to put additional companies into MacLellan. He is to become executive chairman after the closure of a tender offer for 29.8 per cent of MacLellan shares, which has been mounted by Haleworth Holdings, a private company in which he has a 10 per cent stake.

Although the offer is 100p is considerably below the market price of 135p, down 6p yesterday, directors and shareholders controlling a total of 53 per cent have agreed to tender sufficient shares to guarantee success.

Conversion of unsecured loan stock later this month will reduce the Haleworth stake to 28.6 per cent.

Mr Ling's previous effort at a management buy-in, a £201m bid for Simon Engineering through Valuedale, failed earlier this year. Haleworth last year bought 17 engineering and distribution companies from Williams Holdings, the industrial group.

Etam pays £6.5m for move into menswear

BY SIMON HOLBERTON

Etam, the acquisitive womenswear retailer yesterday announced a move into menswear with the purchase of Gladesmore Holdings, for £6.46m.

Gladesmore operates under the name of Peter Brown from 38 sites throughout the UK. Etam said the acquisition provides it with an entry into the fashion menswear market. It follows the recent purchase of the Snob young womens' chain from Courtwall for £5.4m.

Gladesmore made pre-tax losses of £137,000 in the year to August 30 last year, on a turnover of £9m and net tangible assets of £1.5m.

Etam will fund the purchase of Gladesmore by the issue of 2.34m shares, which were placed yesterday at a price of 276p a share.

Hillsdown in fisheries deal with Canadians

By Nikki Tait

HILLSDOWN HOLDINGS, the food, furniture and property group, yesterday returned to the agreed acquisition trail with the purchase of the Blades Group of Canada, comprising six fishing companies.

Hillsdown said it had agreed not to disclose the price of the deal, but that it would be five times pre-tax profits for 1987, which in turn have been warranted at not less than 110 per cent of the 1986 figure.

The companies are being bought via Clearwater, the Nova Scotia-based fish group in which Hillsdown acquired a substantial minority holding last October. Blades, which takes in six plants in Nova Scotia and Newfoundland, and concentrates on ground fish, herring and offshore lobster, has annual sales topping £13m and is Canada's largest herring producer.

Hillsdown, recently on the losing end of a £30m bid battle for Garnar Booth, the leather manufacturer, has previously stressed its desire to build up interests in the fish-processing business.

PEEL HOLDINGS: The placing of the second tranche of £35m 9⅞ per cent first mortgage debenture stock 2011 has been completed.

Mellerware dives into the red

By Philip Coggan

Mellerware International, a manufacturer of cookware and small domestic electrical appliances, yesterday passed its final dividend and announced it had slumped into losses in 1986 after its chairman had said he was "optimistic about a steady improvement" at the interim stage.

The board attributed the poor results to increased costs, particularly in the areas of research and advertising and to the high level of interest charges.

During the year, the company acquired N. C. Joseph and businesses carried on under the brand name "Sona" but although they brought satisfactory levels of sales, they required extensive investment which put increased demands on working capital.

In 1985, the group produced lower than expected profits of £402,000 because of delays at overseas toolmakers and quality problems at a UK supplier. In the first half of last year, profits improved from £10,000 to £220,000 but the full year outturn was a pre-tax loss of £279,000 (£402,000 profit), despite turnover up 60 per cent at £14.31m (£8.94m). Loss per share was 3.53p (earnings 4.25p) and the total dividend is 1.1p.

The company is negotiating a substantial funding arrangement and will make a further announcement within ten days. In the meantime, its shares will be suspended.

Dalgety sells speciality chemicals side for £8m

BY MARTIN DICKSON

Dalgety, the food and commodities group, has reached agreement in principle to sell K. and K. Greeff, a speciality chemicals agency and distribution business, for more than £8m to a group formed by the subsidiary's management and Investment AB Beijer of Stockholm.

The move follows Thursday's announcement that Dalgety Agriculture is to buy Vitamealo, which produces a range of animal protein concentrates and feed supplements, from Beecham for £1m.

Both deals form part of Dalgety's strategy of concentrating its efforts on food businesses and disposing of peripheral activities. It announced in March that it was putting up for sale Balfour Guthrie, its Canadian lumber business, which has a price tag of around £70m.

K. and K. Greeff is based in Croydon, has a turnover of nearly £50m and makes pre-tax profits approaching £1m. The management buy-out team is headed by Mr Jeffrey Ellwood, the company's managing director.

Investment AB Beijer said that the deal was in line with its strategy of supporting activities in distribution.

Other recent divestments by Dalgety include ABM Chemicals, which was sold to RTZ for £30m, and Clarkson Puckle, the Lloyds broker, which was sold to Inchcape for £42m.

Evered boosts its chairman's pay

Evered Holdings has awarded its chairman, Mr Raschid Abdullah, a substantial pay increase, the company's annual report discloses.

Mr Abdullah was paid total emoluments of £130,068 during 1986, compared with £61,402 previously. Another director was paid £132,368, compared with £63,264 in 1985.

In 1986, Evered made a profit before tax of £10.58m on a turnover of £97.3m.

Jackson Exploration cuts loss

In the first quarter of 1987, Jackson Exploration Inc made substantial inroads into its net loss, cutting it from $16.8m (£3.7m) to $306,000.

The directors reported that measures taken last year were enabling the company to more or less break even on a cash-flow basis. At the same time, management has been able to concentrate most of its efforts in pursuing attractive new projects.

Jackson is registered in Dallas, Texas, and listed in London. The major shareholder is Mr M. W. Jackson, Jnr.

In the quarter revenues from oil and gas sales and management fees totalled only $650,000 ($1.39m), but expenses showed a substantial reduction from $7.57m to $956,000. Those included depreciation, depletion, amortisation and impairment $216,000 ($4.39m), and general and administration charges $348,000 ($1.22m).

Subject to the approval of Ecopetrol, the national oid company of Colombia, Jackson has sold all shares in Llanos Oil Exploration. It will receive a nominal cash consideration and a 7.5 per cent working interest carried at no cost to it through the next state of exploration on Capanaparo Sur block.

Sunleigh maintains offer for Dale is generous

BY NIKKI TAIT

Sunleigh Electronics, in which FKI Electricals holds a quarter of the shares, yesterday posted its revised offer document for Dale Electric, the generating sets manufacturer, reiterating its belief that the offer is "exceedingly generous."

In the document, Sunleigh says that even if Dale produces a profit estimate for 1986-87 of around £1.2m pre-tax — which, it points out, "is in direct contradiction with the tone of your chairman's last interim statement" — the increased offer would still represent an exit p/e of 21.7.

The document also points to the level of Dale borrowings in the past, asking: "Is your company safe under such management?"

And, addressing the reduction in income which could ensue for shareholders if accepting Sunleigh paper, the predator suggests that the Dale dividend policy has been imprudent.

Yesterday, Dale's advisers, County, said that nothing in the document changed anything and pointed out that Sunleigh's brokers had recently described Dale a credible recovery situation. Dale is expected to put out its profits estimate next week.

Govett's share purchases in motor sector

By Nikki Tait

Govett Strategic Investment Trust has bought two sizeable takes in the motor sector. It has acquired the 4.9 per cent stake, formerly held by T. Cowie, the Sunderland-based car dealer, in Godfrey Davis, Ford dealer and park operator.

Govett has also picked up the 9.77 per cent interest in Ford main dealers, Perry Group, held by Goode Durrant which is controlled by Ariadne Australia, headed by Antipodean entrepreneur, Mr Bruce Judge.

The purchase of the Godfrey Davis holding brings GSIT's total stake to 9.9 per cent. According to GSIT, the acquisition represents support for the proposed merger between Godfrey Davis and the Sunlight Service Group.

Govett's holding in Perry Group is 10.05 per cent after the purchase from Goode Durrant. Mr Ron Brierley's IEP also has a 10 per cent stake in Perry.

● The Brierley group is continuing to reduce its stake in Horizon Travel and has now sold just over half of its 8.75m shares or 17.6 per cent holding in the group in the market. The selling follows Mr Brierley's decision not to counter or hold-out for an improved bid on the all-share offer for Horizon from Bass.

Regentcrest sells 9.5% stake in Hall Engineering

Hall Engineering shares added 7p to 298p yesterday after Regentcrest, property and investment group, sold its 9.5 per cent stake in the company. Regentcrest, investment vehicle for West Midlands property developers Mr Roy and Mr Donald Richardson, said that the £1.47m profit on the sale would be used to eliminate its overdraft. The company began to buy Hall shares about 18 months ago.

The shares were placed at 285p by James Capel. Although Hall had not been warned of the disposal, Mr Dennis Tudor, managing director, said that the shares had gone to friendly institutions.

Funds advised or managed by M&G now have a 12.8 per cent stake in Hall, Shrewsbury-based steel stockholder and manufacturer of wire mesh, mining tools and motor components.

Hall was surprised that its own stockbroker, Cazenove, had not been used for the placing, Mr Tudor said.

According to Mr J. G. Penwill, company scretary, Regentcrest had followed a former partner in Brewin Dolphin, its former stockbroker, to James Capel, although it had not formally appointed the latter as its stockbroker.

Regentcrest shares rose 2p to 82p.

Berkeley earnings

Since housebuilder Berkeley obtained a stock market quotation in 1984, its earnings per share have risen to 17.9p from 4.9p (adjusted for a one-for-one scrip issue) rather than 10p as reported yesterday.

Brown & Tawse

Brown & Tawse Group, distributor of pipeline, steel and industrial products, has strengthened its position in the hydraulics market with the acquisition of Stauff and its associates for £5.2m cash.

WPP shares to be traded in US

BY SIMON HOLBERTON

Mr Preston Rabl, one of the principals of WPP Group, the fast-growing marketing srevices company, is to leave the board of the company and concentrate on his family business, following the death of his father last month.

It is understood that his new commitments would not allow him to devote his full energies to WPP. Mr Rabl, who will leave the board at the end of July, owns about 5.6 per cent of the company.

It was also announced yesterday that WPP has made arrangements for its shares to be traded in the US as American depository receipts (ARDs). Citicorp will manage the ADR's, and each will equal two of the company's shares.

Almost 50 per cent of the company's business is in the US and the issue of ADR's is seen as the first move towards the company seeking a listing in New York. About 5 per cent of the company's capital is owned by US institutions and WPP believes ARDs will create greater institutional interest in the company.

WPP recently raised $15m from General Master Retirement Trusts, a US pension fund, via a placement of loan notes issues with detachable warrants. On conversion, WPP's US ownership would rise to around 10 per cent.

The company also announced a number of senior management changes yesterday. Mr Martin Sorrell, and executive directors, has been appointed chief executive.

Mr Gordon Sampson, who remains managing director of the company's manufacturing activities, becomes deputy chairman; while Mr Christopher Schulten, has been appointed the company's deputy finance director.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
P. & W. MacLellan ...	1.2	July 6	1.2	1.9	1.9
Mellerware Intl.	Nil	—	2	1.1	3
Whitbread Invest.	5.65	July 24	5.07	8.25	7.44

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

COMPANY NEWS IN BRIEF

WHITBREAD INVESTMENT is paying a final dividend of 5.65p making 8.25p for the year ended March 31 1987 (7.44p). Income totalled £9.55m (£7.83m) while the profit was £7.66m (£7.1m) subject to tax £2.24m (£2.15m). Earnings came to 8.6p (7.79p). Net asset value 373.41p per share (310.83p).

WOLSTENHOLME RINK is selling the hot stamping foil activities of Fryco to Transfer-All Purpose Foils for £668,000 cash. The remaining non-foil activities of Fryco will be retained and merged with Wolstenholme Bronze Powders.

Hunting Petroleum Services is strengthening its interests in specialised coatings in the UK and extending its activities in the US with three acquisitions totalling some £1.6m cash. The companies are England Hughes Bell and Turnbridges in the UK, and Fuel Boss in the US — cost of the latter was £783,000.

CATALYST Communications has agreed to buy for a total consideration of £1.66m Alternative Resources, which specialises in the custom design and supply of sales-promotion items. The consideration is being satisfied at completion by the issue of 3,143,396 new ordinary shares.

TUSKAR RESOURCES has arranged an I£2.6m (£2.4m) share placing through its London stockbrokers, who are underwriting the placing of 17.5p each share. The proceeds will enable the company to seek new opportunities and explore fully the existing acreage. After this placing, Tuskar will have more than £4m in cash.

EGERTON TRUST has sold a property in Massachusetts for $2m (£1.19m) compared with a cost of $1.1m. It was acquired in December last year as part of a number of properties for a total of $12.9m.

BBA GROUP has sold its subsidiary, Comprehensive Computer Services, to the management; new board will comprise Mr J. Waterhouse, managing director, Mr J. Roberts and Mr R. Lochman — they will be the sole shareholders. Financial support has come from Investors in Industry and Kellock, an associate of Bank of Scotland. Both parties stressed that strong trading links between them would continue.

WEIR GROUP reports that more than 95 per cent of the 7,156,310 new ordinary shares have been taken up in its rights issue.

ALLIED IRISH BANKS: Agreement has been reached for AIB to acquire a 30 per cent shareholding in Coyle Hamilton Group, the largest firm of insurance brokers in Ireland. Deal is subject to consent of Coyle Hamilton shareholders and of the Minister for Industry under the Mergers (Control) Act 1978.

LONDON RECENT ISSUES

EQUITIES

Issue Price p	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§180	F.P.	15/5	210	189	Airsys 10p	210	+3	R5.4	2.5	3.5	15.3
§115	F.P.	20/5	165	128	Bellwinch 10p	165	+11	R3.2	3.7	2.6	13.8
§77	F.P.	30/6	105	96	‡Bonded Laminates 10p	101	+4	L2.4	2.4	3.2	17.7
§115	F.P.	8/5	164	133	Brodie Service Group	167	+3	L3.8	2.2	3.0	18.3
§80	F.P.	8/5	224	150	‡Burford Group	224	......	u1.2	3.2	0.73	57.7
§§	F.P.	—	440	400	Calor Group 50p	440	......	t12.0	2.6	3.7	14.0
130	F.P.	8/5	135	129	Cambridge Instru. 5p	131	......	R0.7	8.8	0.7	14.9
§55	F.P.	12/6	98	68	‡Cambridge Isotope	84	......	R20.9	—	0.66	—
§200	F.P.	11/5	228	211	‡Castle Comms. 5p	228	......	R7.0	2.2	4.2	15.5
—	F.P.	—	15	10	ChildHealthRes.Wrts	12½	......	—	—	—	—
115	F.P.	8/5	140	114	Church (Charles) 5p	140	+12	R2.75	3.10	2.6	16.6
§125	F.P.	—	185	145	‡Colorgraphic 10p	185	......	L3.0	2.8	2.2	21.5
§§	F.P.	—	310	291	Contibel 50p	293	−2	t8.0	1.6	3.7	22.1
§130	F.P.	22/5	153	145	Cooper (Alan) 10p	145	......	t4.0	2.5	3.8	14.6
§125	F.P.	29/5	153	143	Cordell Group 10p	152	......	W3.19	3.1	2.9	15.6
§135	F.P.	29/5	175	138	Doeflex 10p	175	+3	L3.45	2.50	2.7	20.2
§§	F.P.	—	112	81	ERA Group 5p	112	......	W—	—	—	56.0
§155	F.P.	15/5	195	170	‡[illegible] Group 10p	195	......	L4.0	2.6	2.7	19.1
§120	F.P.	29/5	181	160	‡Filofax 5p	180	......	u2.7	2.8	2.0	24.1
§112	F.P.	1/5	140	115	‡Honeysuckle Gr 12p	140	+5	R4.1	2.5	4.0	13.6
§120	F.P.	24/4	240	185	Mallett 5p	240	......	u3.0	3.1	1.7	25.8
§120	F.P.	29/5	127	120	‡March Group 5p	120	......	L4.2	2.4	4.7	11.9
§124	F.P.	8/5	127	114	Melville Street Inv.	120	−2	1.4	1.2	1.6	—
—	—	—	35½	25	Do. Warrants	35	+½	—	—	—	—
225	F.P.	24/4	352	225	Mercury Asset Mgmt. 5p	352	......	R5.0	4.0	1.9	17.6
§106	F.P.	—	120	113	‡Orchid Technology‖	117	−1	R02.57c	5.2	1.4	13.6
§180	F.P.	1/5	211	180	Perpetual 10p	211	+4	u2.5	4.5	1.6	18.2
§95	F.P.	10/4	102	96	RCO 10p	96	......	L3.91	2.1	5.5	11.8
§55	F.P.	3/6	88	64	‡RKF Group 10p	87	......	u2.19	2.4	3.4	15.0
§140	F.P.	1/5	181	165	‡RelianceSecGroup5p	170	......	b4.5	2.5	3.6	15.2
§135	F.P.	—	230	163	‡Select Appts. 1p	227	......	L2.5	2.8	1.5	32.5
125	F.P.	—	260	250	‡Sock Shop Intl.5p	253	−4	R1.35	3.8	7.3	48.9
§125	F.P.	2/6	165	158	‡UCL Group 5p	160	−1	u2.5	2.8	2.1	22.6
§140	F.P.	15/5	187	171	Waterglade Intl. 5p	187	......	R3.25	3.5	2.3	15.4
130	F.P.	16/3	151	134½	Wilson Bowden 10p	150	......	L3.4	3.0	3.1	14.7
§120	F.P.	29/4	235	145	‡WyevaleGdn.Cen.50p	235	+15	u2.63	2.8	1.5	31.9
§133	F.P.	22/5	148	136	YRM 10p	145	......	R4.41	3.5	2.2	17.0

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price £	+ or −
§98.919	F.P.	29/5	109	95	Asda Prop.10⅞% 1st Mort.Deb. 2011	109	+1
§100	F.P.	—	111	111	Barlows Grp. Cnv. Red. Prf. 10p	111	......
§	£30	3/6	52	38	[illegible] Cv.Un.Ln(£1)	48½	−2
103.09	£10	—	13½	13	East Anglian Water 7% Red Prf 1996/98	13½	+½
—	F.P.	29/5	111¼	109	Ests.&Gen.Inv.new11¾%1stMt.Deb2018	111¼	......
—	F.P.	—	100p	96½p	Friendly Hotels 4¾% Cnv Cum Red Prf £1	100p	......
—	£25	28/8	26½	25	Gt. Portland Ests. 9½% 1st Mt. Db 2016	26½	......
§100.156	£30	13/8	35¼	30¼	Land Securities New 10% 1st Mt Db '25	34	......
§99	£10	—	14½	14	Mid-Sussex Water 10% Red Deb 2013/17	14¼	+¼
—	F.P.	—	102	98	Nationwide 9½pc 3.5.88	100	......
—	£25	—	25½	24¾	North Housing Assoc. 8¾% Gtd.ln.2037	25¾	......
§95.221	£25	—	26	25¼	Peachey Property 9½% 1st Mt.Deb.2015	26	+½
§100	F.P.	—	111	109p	Peel Hldgs. 5¼pc Cnv. N/V Prf. £1	111p	+1
—	£40	—	39¾	39½	Peel Hldgs. 9¾pc 1st Mt. Deb. 2011	39½	......
§	Nil	31/7	45pm	35pm	Priest Marians 6½pc.Cnv.Uns.Ln2000/03	45pm	+3
§96.221	£25	9/10	26¾	25¾	Scot. Eastern Inv.Tst. 9⅞% Deb 2020	25½	+½
§	F.P.	30/6	101½	97¾	Second Mkt. Inv. 2½% Cnv Uns Ln '94	97¾	......
§98.039	£20	11/9	24⅞	18¾	TR City of Lon. Tst. 10⅛% Deb 2020	23¼	−1¼
8.25	Nil	24/6	180pm	75pm	Tops Est. 'New' 7½% Cnv. Uns. Ln. 2014	170pm	......
§99.016	£25	29/5	29¾	25¼	Town Centre Secs. 10¼% 1st Mort.Deb.2021	26½	......
—	£30	9/10	34	30	Tribune Inv. Tst. 9⅛% Deb 2012	34	......
§98.09	£25	1/9	27½	25¾	Vaux 9¾% Deb. 2015	27½	+½

"RIGHTS" OFFERS

Issue Price	Amount Paid up	Latest Renunc. Date	1987 High	1987 Low	Stock	Closing Price p	+ or −
45	Nil	—	15pm	11pm	Blackwood Hodge	13pm	−1
190	Nil	3/7	174pm	153pm	Brent Walker 10p	174pm	+1
154	Nil	—	18pm	11pm	Fisher (A.) 5p	18pm	......
17	Nil	23/6	13pm	10pm	Gold & Base Mets 12½p	12pm	−1
§	Nil	29/5	58pm	45pm	Inv. in Success Wrts.	58pm	+2
105	Nil	—	42pm	23pm	Tyzack (W.A.) 10p	40pm	+1

Renunciation date usually last day for dealing free of stamp duty. a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. F Dividend and yield based on prospectus or other official estimates for 1986/7. H Dividend and Yield based on prospectus or other official estimates for 1987. L Estimated annualised dividend, cover and p/e based on latest annual earnings. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma Figures t Indicated dividend; cover relates to previous dividend; p/e ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ‖‖ Introduction. ** Issued by way of capitalisation. § Placing price. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment price. ‡ Unlisted securities market. †† Official London listing. ‡‡ Including warrants entitlement.

APPOINTMENTS

Bank of Ireland sets up London board

BANK OF IRELAND has set up a holding company, Bank of Ireland Britain Holdings, which will be responsible for all the group's activities in Britain. Mr Brian Williamson, managing director of Gerrard National, the discount house, chairman of the London International Financial Futures Exchange and a member of the Securities and Investment Board, has joined the board of the new company. The other board members of the company are: Dr Louden Ryan, chairman (governor, Bank of Ireland), Sir David Orr (director, Bank of Ireland), Mr Richard Keatinge (chief executive Britain), Mr Michael MacLoughlin (general manager retail banking), Mr Eric Mahoney (managing director, British Credit Trust), Mr Philip Wingfield (director, City division), Mr Robert Sharpe (managing director, Bank of Ireland Home Mortgages) and a number of members of the Court of the Bank of Ireland.

★

Mr Michael J. Apse has been appointed group property director of TI GROUP. He joins from Allegheny International Inc, where he was group property manager.

★

Mr Philip S. Ashby has been appointed a director of PRIEST MARIANS HOLDINGS.

★

ALFRED McALPINE HOMES SOUTH has appointed Mr Jeremy Mills as director responsible for expansion in Central London. He was with Regalian Properties as operations director.

★

Mr Michael Appleton general manager of the construction engineering division of CCL SYSTEMS has been appointed to the group board. Four senior executives have been promoted to the board of CCL Systems. Mr John Iceton becomes director and general manager of the electrical division and Mr Kenneth Richardson is made director and general manager of the swaging division. Mr Arthur Denny is appointed production director and Mr Hugh Edwards becomes engineering director. Group board director Mr Brian Rhodes will be taking on special responsibilities for corporate development.

★

The UK individual division of PRUDENTIAL ASSURANCE is to merge its marketing and sales operations. Mr Keith Bedell-Pearce, who was appointed general manager (field operations) in January 1986, now assumes overall management responsibility for marketing. His new title will be general manager (field operations and marketing).

★

At AMERICAN EXPRESS TRAVEL RELATED SERVICES, Mr Hector Cuellar has been appointed division vice president, marketing development—travel related services (TRS), Europe, Middle East and Africa. He was vice president and managing director, TRS Spain.

★

Mr J. A. (Tony) Werrell has been appointed chief executive, LONE STAR TOYS.

★

The Brightside Mechanical and Electrical Services Group, environmental engineering subsidiary of GEORGE WIMPEY, has appointed Mr Maurice J. Christon as general manager of the company's northern region. He joins from James Scott Mechanical and Electrical Services, where he was divisional managing director (Midlands division).

★

Mr Martin Burlin has been appointed chairman of THE BRITISH AMUSEMENT CATERING TRADES ASSOCIATION

★

Mr Charles Ingram has been appointed UK sales director, JCB SALES. He has been managing director of JCB's articulated loading shovel division since 1985. Mr Mike Butler becomes managing director of the articulated loading shovel division in addition to his responsibilities as managing director of JCB Materials Handling.

British Rail Engineering construction director

BRITISH RAIL ENGINEERING has appointed Mr Christopher Cook as director, new construction group, based at Derby. He will be responsible for the manufacture, design, advanced engineering development, project management and sales relating to BREL's range of railway locomotives and rolling stock. He was projects director for helicopter development and production programmes at Westland.

★

Mr David Watchman has been appointed deputy managing director of the CARTNER GROUP, the industrial division of Atkins Brothers (Hosiery). He has been marketing director of Cartner for the past two years.

★

Mr Brian Wiggins, following medical advice, intends to resign as chairman of MTM on June 30. Mr Richard Lines will replace him as chairman. Mr Wiggins will be appointed to the honorary post of president. Mr James B. Friederichsen, currently president of Marlborough Chemicals Inc, will be appointed to the newly-created post of group commercial director of MTM. Mr Peter R. E. Norton, a director of MTM and currently managing director of Marchem, will become chairman of Marchem in place of Mr Lines, who will remain a director. Mr John R. McIlwraith, currently deputy to the managing director of Marchem, will become managing director.

Restructure at Courage

COURAGE has made the following appointments after changing its structure into brewing and trading operations: Mr Nick E. Holmes has become marketing director, taking responsibility for all marketing activities and the Courage Take Home Trade operation. Mr David Clayton-Smith is appointed deputy managing director, Courage Take Home Trade. Mr Alan W. J. Holmes has become trade strategy director and taken responsibility for all aspects of the development of strategy for the on-trade. Mr Michael F. Trotman is appointed director of export.

★

REDLOW CONSTRUCTION has appointed Mr Malcolm W. Hill as managing director.

★

PANSOPHIC SYSTEMS has appointed Mr Terry Ewing as vice president and managing director for Pansophic Systems of Europe. He was director of corporate marketing at the Oakbrook, Illinois corporate headquarters.

★

Mr Richard Spiegelberg has been appointed director of corporate communications at MERRILL LYNCH EUROPE/MIDDLE EAST from July 1 and will become an executive director of Merrill Lynch Europe. He is joint managing director of Streets Financial Strategy.

★

Mr Sid Leavesley, managing director of BSA Foundries Group, a subsidiary of Manganese Bronze Holdings, is appointed a director of MANGANESE BRONZE HOLDINGS. Other appointments within the group include: Mr Rod Turner as finance director of London Taxis International. He was formerly finance director of Land Rover; Mr Mike Williams as managing director of the powder metal division. He was formerly a director of BSA Precision Castings, part of the group's foundries division.

★

CLERICAL, MEDICAL AND GENERAL LIFE ASSURANCE SOCIETY has promoted Mr Paul Williams to investment manager, UK equities; and Mr Michael Deakin to investment manager, fixed interest. Mr Nigel Guard joins the society as investment manager, overseas equities.

★

Mr William H. Bailey has been appointed sales and marketing director for THISTLE HOTELS to succeed Mr John de Trafford who has left the company.

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Fri May 15 1987: Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (ACT at 27%)	Est. P/E Ratio (Net)	xd adj. 1987 to date	Thurs May 14 Index No.	Wed May 13 Index No.	Tues May 12 Index No.	Year ago (approx.) Index No.	1987 High		1987 Low		Since Compilation High		Since Compilation Low	
1	CAPITAL GOODS (211)	918.53	+0.5	7.24	2.88	17.47	9.07	913.88	908.79	901.08	704.84	918.53	15/5	696.73	2/1	918.53	15/5/87	50.71	13/12/74
2	Building Materials (27)	1158.75	+1.1	7.16	2.87	17.55	9.58	1146.19	1140.14	1127.09	785.41	1158.75	15/5	860.39	5/1	1158.75	15/5/87	44.27	11/12/74
3	Contracting, Construction (33)	1537.37	+1.5	7.36	3.11	18.29	18.65	1514.16	1505.66	1490.22	1173.21	1537.37	15/5	1185.88	2/1	1537.37	15/5/87	71.48	2/12/74
4	Electricals (13)	2333.91	+0.3	5.72	3.32	23.46	31.62	2326.50	2330.65	2318.99	1928.63	2333.91	15/5	1772.22	2/1	2333.91	15/5/87	84.71	25/6/62
5	Electronics (36)	2100.43	−0.3	7.09	2.09	18.58	12.00	2106.64	2073.19	2044.30	1607.67	2106.64	14/5	1543.77	2/1	2106.64	14/5/87	1229.01	8/10/85
6	Mechanical Engineering (59)	506.57	+0.9	8.31	3.41	15.34	7.03	501.85	500.36	501.01	401.97	506.57	15/5	393.85	2/1	506.57	15/5/87	45.43	5/1/75
8	Metals and Metal Forming (7)	498.53	+0.2	7.46	3.11	16.18	5.36	497.66	497.76	496.26	345.19	499.25	11/5	355.97	2/1	499.25	11/5/87	49.65	6/1/75
9	Motors (15)	340.30	+0.5	8.98	3.12	12.95	3.24	338.46	336.61	337.44	282.39	340.30	15/5	272.03	2/1	340.30	15/5/87	19.91	6/1/75
10	Other Industrial Materials (21)	1519.61	+0.1	6.08	3.25	19.74	18.43	1517.62	1524.66	1507.69	1268.58	1525.08	11/5	1179.19	2/1	1525.08	11/5/87	277.55	15/1/81
21	CONSUMER GROUP (185)	1261.62	+0.3	6.06	2.57	21.31	8.29	1257.72	1251.20	1237.18	877.99	1261.62	15/5	950.87	2/1	1261.62	15/5/87	61.41	13/12/74
22	Brewers and Distillers (22)	1178.12	+0.7	7.57	2.91	16.79	5.09	1170.47	1164.63	1159.14	903.84	1178.12	15/5	938.04	2/1	1178.12	15/5/87	69.47	13/12/74
25	Food Manufacturing (25)	961.42	+0.8	7.26	3.08	18.17	10.90	954.10	948.46	938.82	644.50	961.42	15/5	738.32	2/1	961.42	15/5/87	59.67	11/12/74
26	Food Retailing (16)	2398.82	+0.2	5.50	2.32	24.95	11.45	2394.72	2370.88	2330.43	1812.87	2398.82	15/5	1801.05	2/1	2398.82	15/5/87	54.25	11/12/74
27	Health and Household Products (10)	2372.89	+0.3	4.12	2.64	33.42	8.79	2368.03	2339.55	2287.09	1479.96	2404.02	25/2	1845.78	2/1	2404.02	25/2/87	175.38	28/5/80
29	Leisure (31)	1312.67	+0.4	5.92	3.24	22.27	14.64	1307.85	1312.74	1312.52	850.07	1320.64	11/5	986.35	2/1	1320.64	11/5/87	54.83	9/1/75
31	Packaging & Paper (15)	657.97	+0.9	5.97	2.51	21.81	4.97	652.01	646.10	636.20	451.09	657.97	15/5	491.50	2/1	657.97	15/5/87	43.46	6/1/75
32	Publishing & Printing (14)	3747.29	—	5.78	3.02	22.11	33.22	3747.42	3762.88	3697.31	2292.44	3762.88	13/5	2713.49	2/1	3762.88	13/5/87	55.08	6/1/75
34	Stores (36)	1089.58	—	6.13	2.58	22.25	6.56	1089.70	1092.63	1081.77	849.80	1092.63	13/5	835.17	2/1	1092.63	13/5/87	52.63	6/1/75
35	Textiles (16)	728.25	+0.1	7.86	2.88	14.75	5.63	727.42	725.07	722.56	503.69	728.25	15/5	541.39	2/1	728.25	15/5/87	62.66	11/12/74
40	OTHER GROUPS (87)	1076.13	+0.5	7.60	3.11	16.58	8.19	1070.35	1065.80	1060.64	769.09	1076.13	15/5	815.89	5/1	1076.13	15/5/87	58.63	6/1/75
41	Agencies (17)	1470.32	+0.9	4.83	1.70	27.78	8.06	1457.85	1464.34	1444.43	0.0	1470.32	15/5	1111.16	2/1	1470.32	15/5/87	1111.16	2/1/87
42	Chemicals (21)	1316.26	+0.2	7.46	3.29	16.42	18.71	1314.14	1315.94	1312.48	847.86	1325.88	11/5	1082.01	2/1	1325.88	11/5/87	71.20	1/12/74
43	Conglomerates (11)	1344.95	+1.7	6.69	3.17	17.60	7.75	1322.55	1310.13	1309.38	0.0	1344.95	15/5	1112.14	2/1	1344.95	15/5/87	1112.14	2/1/87
45	Shipping and Transport (11)	2174.47	+0.2	7.03	3.65	18.09	23.04	2170.49	2159.67	2121.02	1517.20	2174.47	15/5	1567.77	2/1	2174.47	15/5/87	90.80	29/6/62
47	Telephone Networks (2)	1183.46	+0.1	7.90	3.17	17.26	1.09	1181.86	1172.65	1169.65	876.02	1187.97	11/5	837.15	5/1	1187.97	11/5/87	517.92	30/11/84
48	Miscellaneous (25)	1409.49	+0.7	9.34	3.11	12.83	17.56	1399.52	1394.29	1386.97	999.59	1409.49	15/5	1101.37	5/1	1409.49	15/5/87	60.39	6/7/75
49	INDUSTRIAL GROUP (483)	1136.03	+0.4	6.78	2.79	18.81	8.72	1131.25	1125.57	1115.69	836.00	1136.03	15/5	860.46	2/1	1136.03	15/5/87	59.01	13/12/74
51	Oil & Gas (17)	2117.99	—	5.42	4.36	23.90	37.06	2118.84	2065.76	2044.50	1173.97	2118.84	14/5	1505.69	5/1	2118.84	14/5/87	87.23	29/5/62
59	500 SHARE INDEX (500)	1219.33	+0.4	6.57	3.03	19.43	11.20	1215.05	1205.27	1194.42	847.79	1219.33	15/5	915.61	2/1	1219.33	15/5/87	63.49	13/12/74
61	FINANCIAL GROUP (117)	745.24	+1.1	—	3.92	—	11.06	737.20	737.23	727.40	587.44	745.24	15/5	615.75	2/1	745.24	15/5/87	55.88	13/12/74
62	Banks (8)	791.96	+1.8	17.86	4.73	7.40	15.49	778.05	777.91	771.59	621.46	791.96	15/5	685.07	14/4	792.96	15/5/87	62.44	12/12/74
65	Insurance (Life) (9)	1034.78	+1.2	—	4.07	—	20.71	1022.44	1031.19	1019.95	804.95	1034.78	15/5	869.23	2/1	1034.78	15/5/87	44.88	2/1/75
66	Insurance (Composite) (7)	547.05	+1.7	—	4.47	—	11.76	537.65	546.65	541.04	491.61	571.05	2/3	454.52	2/1	571.05	2/3/87	43.96	13/12/74
67	Insurance (Brokers) (9)	1213.38	−0.1	8.90	4.44	14.44	22.64	1215.16	1238.84	1221.28	1175.38	1238.84	13/5	1089.71	14/4	1315.27	12/2/86	65.86	16/12/74
68	Merchant Banks (11)	385.45	+0.1	—	9.25	—	2.91	384.93	380.66	375.63	347.95	390.44	16/1	345.85	2/1	390.44	16/1/87	31.21	7/1/75
69	Property (46)	1114.51	+0.3	4.13	2.62	31.27	4.36	1111.70	1094.79	1062.72	748.20	1114.51	15/5	805.82	5/1	1114.51	15/5/87	56.01	20/4/65
70	Other Financial (27)	480.30	+0.7	6.88	3.23	18.51	3.23	476.78	473.62	471.97	342.99	480.30	15/5	365.01	2/1	480.30	15/5/87	33.29	17/12/74
71	Investment Trusts (94)	1006.69	−0.3	—	2.32	—	6.68	1009.71	1004.87	1001.09	738.66	1009.71	14/5	867.57	2/1	1009.71	14/5/87	71.12	13/12/74
81	Mining Finance (2)	525.70	+3.7	5.82	3.16	20.22	6.79	507.11	505.71	501.92	285.59	525.70	15/5	341.86	2/1	525.70	15/5/87	66.31	30/9/74
91	Overseas Traders (11)	1043.43	+0.3	8.73	4.29	13.85	14.27	1040.57	1034.01	1001.29	683.59	1043.43	15/5	778.26	2/1	1043.43	15/5/87	97.37	6/1/75
99	ALL-SHARE INDEX (724)	1092.15	+0.5	—	3.15	—	10.93	1086.94	1079.68	1069.34	772.94	1092.15	15/5	835.48	2/1	1092.15	15/5/87	61.92	13/12/74
		Index No.	Day's Change	Day's High	Day's Low	May 14	May 13	May 12	May 11	May 8	Year ago								
	FT-SE 100 SHARE INDEX ♦	2189.7	+9.7	2202.4	2182.9	2180.0	2163.4	2143.3	2163.3	2126.5	1564.9	2189.7	15/5	1370.1	14/1	2189.7	15/5/87	986.9	23/7/84

FIXED INTEREST

	PRICE INDICES	Fri May 15	Day's change %	Thurs May 14	xd adj. today	xd adj. 1987 to date
	British Government					
1	5 years	125.10	−0.08	125.20	—	4.38
2	5-15 years	146.23	−0.31	146.68	—	5.03
3	Over 15 years	155.98	−0.44	156.67	—	5.16
4	Irredeemables	169.67	−0.32	170.21	—	6.07
5	All stocks	141.95	−0.26	142.32	—	4.88
	Index-Linked					
6	5 years	122.80	+0.02	122.79	—	0.83
7	Over 5 years	120.64	+0.02	120.62	—	1.17
8	All stocks	120.62	+0.02	120.60	—	1.13
9	Debentures & Loans	125.89	−0.19	126.12	—	3.79
10	Preference	87.62	+0.53	87.15	—	2.77

	AVERAGE GROSS REDEMPTION YIELDS		Fri May 15	Thurs May 14	Year ago (approx.)	1987 Highs		1987 Lows	
	British Government								
1	Low	5 years	7.68	7.63	7.81	9.78	2/1	7.52	11/5
2	Coupons	15 years	8.70	8.64	8.80	10.08	2/1	8.53	8/5
3		25 years	8.72	8.67	8.82	10.08	2/1	8.55	8/5
4	Medium	5 years	8.63	8.55	8.96	10.80	2/1	8.39	8/5
5	Coupons	15 years	8.91	8.85	9.13	10.39	2/1	8.74	8/5
6		25 years	8.92	8.86	9.13	10.18	2/1	8.75	8/5
7	High	5 years	8.79	8.71	9.10	10.84	2/1	8.58	8/5
8	Coupons	15 years	9.03	8.98	9.26	10.57	2/1	8.86	8/5
9		25 years	8.88	8.83	9.17	10.24	2/1	8.72	8/5
10	Irredeemables	†	8.77	8.73	8.73	10.06	2/1	8.67	8/5
	Index-Linked								
11	Inflat'n rate 5%	5 yrs	2.22	2.21	3.63	3.95	2/1	2.21	13/5
12	Inflat'n rate 5%	Over 5 yrs	3.48	3.48	3.29	3.67	2/1	3.30	6/4
13	Inflat'n rate 10%	5 yrs	1.74	1.72	2.41	2.57	16/4	0.85	24/3
14	Inflat'n rate 10%	Over 5 yrs	3.38	3.38	3.12	3.71	2/1	3.17	27/3
15	Debs &	5 years	9.61	9.52	10.13	11.46	2/1	9.50	23/3
16	Loans	15 years ●	9.99	9.96	10.07	11.30	2/1	9.79	23/3
17		25 years ●	10.04	10.02	10.01	11.30	2/1	9.84	23/3
18	Preference	†	10.33	10.39	10.76	11.83	2/1	10.33	15/5

♦ Opening index 2187.6; 10 am 2183.8; 11 am 2195.8; Noon 2201.7; 1 pm 2201.6; 2 pm 2196.4; 3 pm 2189.6; 3.30 pm 2189.6; 4 pm 2187.5.

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/04/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/04/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs. & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4, price 15p, by post 32p.

CONSTITUENT CHANGES: International Leisure Group (29) has been deleted and replaced by Scottish Television (29).

● Corrected figures for 14/5/87.

INTL. COMPANIES and FINANCE

Japanese keen on UK securities

BY IAN RODGER IN TOKYO

JAPANESE institutional investors have suddenly become enthusiastic about UK securities.

The latest indication was the reported purchase by Japanese investors of about 20 per cent of the Bank of England's auction this week of £1bn ($1.68bn) in five-year gilts. Daiwa Securities, the second largest Japanese securities company, claimed yesterday that it alone bought £150m, 15 per cent of the issue.

However, both UK and Japanese brokers say that there has been a substantial increase in Japanese buying and trading of UK equities as well this year.

"Since the beginning of the year, we have seen a great deal more interest in securities than in the whole of last year," said Mr Christopher Purvis, branch manager of S. G. Warburg Securities in Tokyo.

Until now, the Japanese have concentrated their foreign investment in the US. According to stockbrokers Vickers da Costa, the big Japanese life insurance companies have between 70 and 90 per cent of their foreign equity investments in the US. They are now trying to diversify their foreign holdings because of the continuing weakness of the dollar.

Brokers in Tokyo say the UK and West Germany are the most popular targets at the moment. "Most market participants are rather bullish on the UK market in comparison to (US) Treasuries," Mr S. Hattori, deputy general manager and chief trader in Daiwa's foreign bond department, said yesterday.

Japanese investors see a calm political and economic climate in the UK. They appear totally confident that Mrs Margaret Thatcher will be returned to power, and that sterling will remain stable.

"They do not seem to realise that there are opposition parties in the UK, and that there is the possibility of a hung parliament," Mr Purvis said.

Brokers say that, for the moment, Japanese investors are interested only in gilts and in the leading, highly liquid UK shares. Mr Hattori said that Daiwa, which is seeking to become a gilts primary dealer in London, was surprised at the strong response from its institutional clients when it proposed the five-year gilt to them this week.

Vickers da Costa began publishing earlier this year original research on UK equities, aimed especially at Japanese investors and published in Japanese.

Brokers say the increased interest from Japan is coming not only from stable, long-term investors, such as life insurance companies, but also from the more aggressive traders, such as investment trusts and trust banks.

Mr Conor O'Kelley, of Barclays de Zoete Wedd, says much of the increased volume of Japanese trading in gilts in the last few months is mainly active trading, with not much new money coming in. "The volume has been quite tremendous, but very often the Japanese are net sellers."

Mr Hattori said the interest in UK gilts would be much larger if a proper market could be organised during Tokyo hours, and he hopes it will happen soon. Until this year, there has been virtually no trading in gilts in Tokyo, but turnover is now estimated at about $1bn a month and growing steadily.

"At the rate we are going, it will get much more like a (US) Treasury market over the next few months," said Mr Purvis.

CIBC to form brokerage unit

BY BERNARD SIMON IN TORONTO

CANADIAN IMPERIAL Bank of Commerce (CIBC) is to follow the lead of two other Canadian banks by setting up a new securities subsidiary in anticipation of the lowering of ownership barriers in the Toronto-based securities industry due next month.

CIBC's move confirms the reluctance of Candian banks to enter the domestic securities business by acquiring existing firms. Building a securities capability from scratch is widely seen as a cheaper and less risky way of taking advantage of the forthcoming Big Bang.

Mr Paul Cantor, president of CIBC's investment bank, said that an acquisition "would have resulted in significant duplication in operations, brought with it an unwanted additional retail network and presented the bank with the problem of having to integrate an organisation with differing strategy and goals."

CIBC was at one stage rumoured to be interested in buying a substantial stake in Dominion Securities, Canada's biggest brokerage firm.

The new entity, to be known as CIBC securities, will initially concentrate on setting up a retail discount brokerage service and a mutual fund business. In the institutional area, the firm will concentrate on money market and bond trading and sales, and fixed income underwriting. CIBC Securities will be headed by Mr John Hunkin, currently an executive vice-president in the bank.

With assets of C$84bn (US$62.7bn), CIBC is among North America's 10 largest banks. Bank of Nova Scotia and Toronto-Dominion Bank have also moved along the in-house rather than the acquisition route.

The country's two biggest banks, Royal Bank of Canada and Bank of Montreal, have not yet shown their hands.

Separately, Financial Trustco Capital, a diversified financial services group, has made a C$30m bid for Walwyn Inc, the publicly-listed holding company which controls Walwyn Sodgell Cochran Murray, a medium-sized securities firm specialising in retail business.

Bell acquires Pancontinental Mining stake

By Bruce Jacques in Sydney

THE TAKEOVER heat was turned up under Pancontinental Mining, the Australian gold and coal mining group yesterday when it was revealed that Mr Robert Holmes à Court's Bell Resources has been a major buyer of the company's scrip.

Pancontinental confirmed that Bell was the buyer of a parcel of just 10 per cent of the company's capital which went through the market mid-week for about A$163m (US$116.4m)

Early speculation was that the shares, sold by Chase Corporation, the aggressive New Zealand-based company, had been picked up by Mr Ron Brierley's Industrial Equity.

Pancontinental said Bell executives had informed the company that the holding was viewed as an investment, rather than a prelude to a takeover, a strategy which appears somewhat foreign to Bell.

Speculation has been growing on a possible bid for Pancontinental in recent months, pushing the company's shares from a year's low of A$2.60 to yesterday's quote of A$4.20, capitalising the company at about A$650m.

The Bell group is a fellow shareholder with Pancontinental in the Central Queensland Coal Associates consortium, easily Australia's most profitable coal operation. Mr Holmes à Court has also recently expressed interest in moving into the gold sector, an area where Pancontinental is strong.

Should Bell move on Pancontinental, its task may be difficult as the company's chairman Mr Tony Grey has been shoring up its defences in recent weeks. With an 8 per cent stake recently acquired by Union Miniere of Belgium, Mr Grey is believed to have his foot on about 40 per cent of the company's capital.

● Bell Group announced yesterday that it has raised its stake in Wilson & Horton, the New Zealand publishing company, to 9.9 per cent from 8 per cent acquired earlier this week, through stock market purchases.

It said it had paid NZ$10.50 for each of the 5.8m shares acquired in Wilson & Horton.

Sandvik earnings little changed

BY SARA WEBB IN STOCKHOLM

SANDVIK, the Swedish cemented carbide and special steels group, reported a 1.8 per cent increase in profits (before appropriations and taxes) to SKr 444m ($72m) in the first quarter, compared with SKr 436m the previous year.

Invoiced sales slipped 2.3 per cent to SKr 3.07bn due to poor January figures. Sandvik's managing director, Mr Per-Olof Eriksson said: "Unless the sales curve turns down during the rest of 1987, we count on being able to maintain the 1986 level of profits" which amounted to SKr 1.68bn (before appropriations and taxes).

Sandvik's saws and tools division showed a 14 per cent increase in sales to SKr 334m in the first quarter. Strongest demand came from western Europe and was helped by increased private consumption and acquisitions.

However, Sandvik's other divisions showed weaker sales and were affected by rather slack markets and lower levels of investment in industry worldwide. The cemented carbide division's sales slipped 2 per cent to SKr 1.66bn, while the speciality steel sales dropped 7 per cent to SKr 969m.

Mr Eriksson said that Sandvik's fully-owned subsidiary, Seco Tools, would apply for a listing on the Stockholm stock exchange in 1988. The Seco Tools group develops, produces, and markets carbide tools around the world and recently agreed to acquire Carboloy, which is General Electric's cemented carbide division.

Philips reshuffles management

BY LAURA RAUN IN AMSTERDAM

PHILIPS, the Dutch electronics group, is seeking to streamline its organisation by creating a new group management committee that will effectively run the company instead of the management board.

The 13-member committee, which will combine the current management board with the head of four divisions, is designed to increase the efficiency and flexibility of day-to-day operations. This will be done by removing one layer of management—the four division heads who will be promoted—and ensuring that the committee is composed of executives in charge of key areas.

While the committee initially will be larger than the present nine-member board, it is likely to shrink in coming years through attrition. Two board members are to retire this year and are not expected to be replaced.

The management committee will take effect from September 1 and will comprise the board and the heads of corporate accounting, the electronic components subsidiary, consumer electronics and organisational structure. The board of management will remain as a vestigial group to conform with Dutch law.

The company, which is Europe's largest electronics concern, is presently engaged in intensive efforts to make the group leaner, more market-responsive and better known. Thick layers of management are being trimmed, the workforce is being pared and the fuzzy image in the US is being sharpened.

De Benedetti insurance group boosts income

By Alan Friedman in Milan

LATINA, the Italian insurance group controlled by Mr Carlo De Benedetti's Cofide holding company, has registered a 57 per cent jump in its 1986 net profit, to L20.4bn ($15.7m).

Latina, which last year took control of Ausonia, another insurer quoted on the Milan bourse, achieved an 11 per cent rise in its 1986 premium income, to L211.3bn. When Ausonia's 1986 premium income is added to Latina's accounts, the total comes to L431bn.

Mr De Benedetti has been keen to build up his insurance interests, and was pipped at the post in his recent attempt to acquire Intercontinentale, a sizeable insurer which was eventually taken over by Gemina, the holding company which is chaired by Mr Cesare Romiti, managing director of Fiat.

Latina is to pay a dividend of L120 per ordinary share—twice the 1985 dividend. Holders of savings shares, which did not perform well last year (compared to ordinary shares), are to receive L140 a share.

Galactic gold group raises C$57.7m

By Stefan Wagstyl

GALACTIC RESOURCES, the Canadian gold company headed by Mr Robert Friedland, has raised C$57.7m (US$43.1m) in convertible bond and share issues.

The group, which has a mine at Summitville, Colorado, is one of the more successful among the scores of junior gold companies quoted on the Vancouver Stock Exchange. It has recently announced plans to merge with Quartz Mountain Gold, another Vancouver quoted group, which has a prospect at Quartz Butte, Quartz Mountain, Oregon.

Galactic, which will be called Galactic Gold after the merger is complete, also holds a 49 per cent interest in a joint venture with Amselco, a British Petroleum subsidiary.

Mr Friedland says the group could be producing 250,000 oz of gold a year by 1989. Production at Summitville, which is at 12,000 ft in the Rocky Mountains, has been hit by technical difficulties.

Australian Woolworths falls back into the red

BY OUR FINANCIAL STAFF

WOOLWORTHS, one of Australia's largest retailers, has slipped into the red for first quarter of this year following a shap contraction in profits during 1986-87.

The company said yesterday, however, that the loss—which was not disclosed—was small and in line with the overall recovery programme that Woolworths had implemented in the wake of last year's disastrous trading.

For the year ended February 1, the group turned in pre-tax profits down from A$108m (US$77.1m) to A$2.7m and was forced to cut its dividend to 6 cents a share, from 16.5 cents.

Pioneer profit up 78.5%

PIONEER, the Japanese audio equipment manufacturer, raised its consolidated net profits by 78.5 per cent to Y3.66bn ($26m) in the half-year to March 31, on turnover of Y185.95bn, up 3 per cent, writes Yoko Shibata in Tokyo.

Expansion of domestic sales, cost reductions and a substantial improvement in the profitability of its US subsidiaries all contributed to the improvement in earnings, the company said.

Overseas sales stagnated at Y100.03bn to account for 55.6 per cent of sales, while domestic sales rose by 7 per cent.

Sales of car electronics products and video products improved by 3.9 per cent and 3.3 per cent respectively, while sales of audio products advanced by 2.8 per cent.

The group performance reflected the parent company's pre-tax profits of Y7.2bn, up 25 per cent, net profits of Y3.08bn, up 31 per cent, on turnover of Y131.84bn, down 3.7 per cent.

Sea Containers reduces first-quarter loss

BY KEVIN BROWN, TRANSPORT CORRESPONDENT

SEA CONTAINERS, the Bermuda-registered container leasing, ports and ferries group whose interests include Sealink, yesterday announced net first-quarter losses of $12.8m, down from the $22.1m deficit in the same period last year.

Mr James Sherwood, Sea Containers' president, had predicted that the group would improve earnings by around $10m in the first quarter.

Net losses per share fell from $2.37 to $1.67, on revenues up from $112.4m to $121.6m. Quarterly dividends were suspended last year in a move intended to save the group around $1m per quarter.

Sea Containers lost $49.8m last year equal to $6.28 a share, following setbacks in its container leasing and ferry operations.

Mr Sherwood says in the annual report, however, that both divisions are expected to report improved results in the current year.

In the container division, which suffered from poor rates and widespread customer defaults, overheads have been cut, loss-making services discontinued, older units removed and equipment ordering moderated, he says.

"The result has been a strong upward trend in utilisation, reduction in operating expense, and increase in net yields, which augurs well for our earnings in 1987."

Mr Sherwood says the group's fleet of 12 container ships is fully employed at improved rates, and losses should be sharply reduced.

The Sealink ferry operation should benefit from a decline in fuel costs in sterling terms, and should report improved operating profits, he says.

Sealink, which was acquired from the British Government in 1984, spent or provided $32m for severance pay in 1986, and incurred strike and route withdrawal costs of $11.7m, principally on the loss-making Channel Island services.

"In retrospect, I think the strike will have some enduring benefits. The new management will be more skilled in dealing with its workforce to resolve difficult problems, and the workforce has already shown its increased willingness to address basic competitive issues by accepting revised work practices and reduced manning," Mr Sherwood says.

COMMODITIES AND AGRICULTURE

WEEKLY PRICE CHANGES

	Latest prices per tonne unless stated	Ch'nge on week	Year ago	1986/87 High	1986/87 Low
METALS					
Aluminium					
Free Market c.i.f.	$1505/525	+35	$1270/1290	$1580/1680	$1150/1170
Antimony					
Free Market 99.6%	$2400/2500	—	$2770/2800	$2720/2780	$2250/2300
Copper-Cash Grade A	£922.5	+15	£930.5	£1028.5	£862.25
3 months Grade A	£897.25	+14.5	£949.5	£1059.25	£849.5
Gold per oz	$467.25	+12	$343.25	$472	$327.5
Lead Cash	£443.5	+44.5	£244.75	£443.5	£223.5
3 months	£383.5	+22.75	£247.5	£383.5	£241.25
Nickel					
Free market	212/232c	—2	185/205c	214/234c	158/177c
Palladium	$151.75	+5.25	$108.75	$161.00	$95.25
Platinium per oz	$582.00	+11	$413.75	$673.75	$342.50
Quicksilver (76lbs)	$265/275	—5	$220/230	$270/280	$161/12
Silver per oz	528.20p	+40.70	332.10p	655.60p	317.70p
3 months per oz	539.25p	+41.30	340.00p	668.20p	325.60
Tin					
Free market	£4,110/140	—15	£3460/520	£5900/6250	£3,420/456
Tungsten Ind	$46.95	—	$52.07	$69.74	$41.44
Wolfram (22.04 lbs)	$50/55	—	$46/55	$56/63	$32/42
Zinc cash	£502.5	—21	£462.25	£632.5	£409
3 months	£497.5	—22.75	£463.25	£621.75	£419.25
Producers	$790/840	—	$700/730	$920	$650/670
GRAINS					
Barley Futures Sept.	£97.90	—0.7	£98.85	£118.80	£96.56
Maize French	£149.00	—	£140.00	£154.00	£130.00
WHEAT Futures July	£122.00	+0.5	£125.25	£126.60	£98.30
SPICES					
Cloves	$3,425	—	$4750	$4,850	$3,300
Pepper white	$5,700	+450	$4600	$6,400	$4,600
black	$4,900	+375	$3600	$4,900	$3,600
OILS					
Coconut (Philippines)	$420u	+2.5	$237.5	$470	$200
Palm Malayan	$357.5v	+20	$245	$405	$197
SEEDS					
Copra (Philippines)	$285u	+15	$145	$300	$140
Soyabeans (U.S.)	$154	+8	$150	$229.8	$133.5
OTHER COMMODITIES					
Cocoa Futures July	£1271.5	—15	£1298.5	£1,804.5	£1,264.5
Coffee Futures July	£1355.5	+48	£2039.5	£3,007.5	£1,244
Cotton Outlook A Index	77.05c	+4.1	45.40c	77.05c	36.35c
Gas Oil Fut. July	$155	+1	$134	$252.75	$90.75
Jute L/A BWC grade	$345	+5	$310	$325	$215
Rubber kilo	62p	+1.5	56.5p	68p	54p
Sisal No. 3L	$610	—	$610	$625	$590
Sugar (Raw)	$181.5z	+5.5	$186.5	$222.5	$115
Tea (quality) kilo	140p	—	190p	202p	140p
(low med) kilo	63p	—1	90p	136p	62p
Wooltops 64s Super	461p kilo	—4	421p kilo	485p kilo	387p kilo

† Unquoted. (g) Madagascar. (v) July. (u) May-June. (z) June-July.

LONDON MARKETS

ALUMINIUM

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	860-2	—16.5	—
3 months	857-8	—8	861/848

Official closing (am): Cash 843.5-4 (862-3), three months 847.5-8 (860-1), settlement 844 (863). Final kerb close: 860-1. Turnover: 22,050 tonnes.

COPPER

Grade A	Unoffic'l close £ per tonne	+ or —	High/Low
Cash	922-3	+17	924/920
3 months	897-7.5	+12.75	899/889

Official closing (am): Cash 920.5-1 (906-6.5), three months 895.5-7 (887.5-8), settlement 921 (906.5). Final kerb close: 898-9.

Standard			
Cash	877-80	+21	889
3 months	875-4	+21	875/875

Official closing (am): Cash 878-80 (865-70), three months 875-6 (858-60), settlement 880 (870). US producer prices 71.50-75 cents per pound. Total turnover 51,525 tonnes.

LEAD

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	449-5	+19	455/454
3 months	383-4	+16.25	386/387

Official closing (am): Cash 435-7 (421-2), three months 384.5-5 (383-4), settlement 437 (422). Final kerb close: 383-4. Turnover 16,300 tonnes. US spot: 24-35 cents per pound.

NICKEL

	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	2750-5	—47.5	—
3 months	2750-5	—45	2826/2745

Official closing (am): Cash 2780-90 (2780-90), three months 2770-80 (2780-90), settlement 2790 (2790). Final kerb close: 2745-50. Turnover 1,848 tonnes.

ZINC

High grade	Unofficial close (p.m.) £ per tonne	+ or —	High/Low
Cash	502-3	—1	506
3 months	497-8	—5	505/498

Official closing (am): Cash 505-6 (499-500), three months [illegible] (499-5.5), settlement 506 (500). Final kerb close: 494-5. Turnover: 16,700 tonnes. US Prime Western: 41.5-46.75 cents per pound.

TIN

KUALA LUMPUR TIN MARKET: Close 16.68 (16.67) ringgit per kg. Up 0.01 ringgit per kg.

GOLD

Gold rose $9½ an ounce from Thursday's close in the London bullion market yesterday to finish at $467-467½. The metal opened at $465¼-465¾ and traded between a high of $471½-472 and a low of $464¾-465¼. The firmer trend reflected a further decline in the dollar's value and renewed fears about inflation. US producer prices rose by an unexpected 0.7 per cent while many leading US banks increased their prime rate to 8¼ per cent from 8 per cent.

GOLD BULLION (fine ounce)	May 15	
Close	$467-467½	(£278¼-278¾)
Opening	$465¼-465¾	(£277-277½)
M'n'g fix	$466.70	(£278.046)
Aft'n'n fix	$469.90	(£279.204)

GOLD AND PLATINUM COINS		
Am Eagle	$481-486	(£286½-289¼)
Mapleleaf	$475¼-480½	(£283½-286¼)
Kr'g'rnd	$470-473	(£279¾-281¾)
½ Krug	$244-246	(£145¼-146¾)
¼ Krug	$122½-125½	(£72¾-73½)
Angel	$475½-479½	(£283¼-285½)
1/10 Angel	$46½-51½	(£27¼-30¼)
New Sov	$110-111	(£65½-66)
Old Sov	$110½-111	(£65¼-66)
$ 20 Eagle	$500-550	(£297¾-327½)
Noble Plat	$632-649	(£380½-386½)

SILVER

Silver was fixed 11.25p an ounce higher for spot delivery in the London bullion market yesterday at 528.2p. US cent equivalents of the fixing levels were: spot 886.4c, up 21.4c; three-month 901.8c, up 21.75c; six-month 917.2c, up 22.15c; and 12-month 947.65c, up 22.85c. The metal opened at 530-534p (890-895c) and closed at 540-544p (907-912c).

SILVER per troy oz	Bullion Fixing Price	+ or —	L.M.E. p.m. Unoffic'l	+ or —
Spot	528.20p	+11.2	532p	+18.5
3 months	539.25p	+11.4	543p	+18.5
6 months	549.60p	+11.6	—	—
12 months	568.80p	+12.0	—	—

Three months high/low 535p, final kerb 542-4p.
LME—Turnover: 7 (6) lots of 10,000 ounces.

INDICES

REUTERS

May 14	May 13	M'th ago	Year ago
1613.2	1616.4	1552.5	1774.5

(Base: September 18 1931=100)

DOW JONES

Dow Jones	May 14	May 13	M'th ago	Year ago
Spot	130.49	129.49	—	128.25
Fut	131.05	129.87	—	121.81

(Base: December 31 1931=100)

COFFEE

Robustas experienced a generally quiet session within the recently established range, reports Drexel Burnham Lambert. The market appears to be sandwiched within established buying and selling intentions. Overhead trade hedge selling was once again evident running into scale down support.

COFFEE	Yesterday close	+ or —	Business Done
May	1325-1330	—6.0	1351-1330
July	1355-1356	—5.5	1360-1345
Sept	1366-1387	—9.5	1376-1360
Nov.	1380-1384	—10.5	1390-1376
Jan	1408-1409	—3.5	1406-1405
Mar	1425-1455	+2.5	1435-1428
May	1440-1450	—10.0	1450

Sales: 2,452 (2,533) lots of 5 tonnes.
ICO indicator prices (US cents per pound) for May 14: Comp daily 1979 112.80 (112.73); 15-day average 110.76 (110.44).

COCOA

	Yesterday's close £ per tonne	+ or —	Business done
May	1260-1263	—10.0	1282-1260
July	1271-1273	—14.5	1281-1270
Sept	1280-1281	—21.0	1298-1280
Dec	1307-1308	—20.5	1325-1307
March	1335-1338	—19.5	1354-1338
May	1356-1358	—18.0	1373-1365
July	1377-1380	—16.0	1395-1380

Sales: 4,010 (2,871) lots of 10 tonnes.
ICCO indicator prices (SDRs per tonne). Daily price for May 15: 1584.27 (1609.18); 10-day average for May 16: 1606.24 (1607.98).

Futures closed £15 lower at the end of an active day which saw values eroded by weekend book-squaring. Physicals failed to respond and interest was limited to light second-hand trading, reports Gill and Duffus.

FREIGHT FUTURES

Commission house selling depressed values on the opening. The market then traded in nervous and somewhat volatile conditions before closing on a firmer note on late short-covering ahead of the weekend, reports Clarkson Wolff.

	Close	High/Low	Prev.
Dry Cargo			
July	1047/1048	1050/1026	1050/1051
Oct.	1035	1040/1026	1039/1049
Jan.	1025/1030	1035/1025	1030/1040
Apr.	1045	1036/1030	1020/1070
July	900	—	900/950
Oct.	820	—	820/870
Jan.	920	—	920/970
April	1090	—	1070/1100
BFI.	1101	—	1102

Turnover: 448 (526).

GRAINS

Mnth	WHEAT Yest'rdy's close	+ or —	BARLEY Yest'rdy's close	+ or —
May	120.85	—0.05	106.50	—
July	122.00	—0.20	—	—
Sep.	101.10	—0.55	97.90	+0.55
Nov.	103.20	—0.55	100.40	+0.40
Jan.	105.60	—0.40	102.75	+0.25
Mar.	108.35	—0.25	105.15	+0.30
May	111.85	—0.40	106.95	+0.40

Business done—Wheat: May 120.90, July 122.25-2.00, Sept 101.30-1.10, Nov 103.30-3.20, Jan 105.95-5.75, March 108.35, May 111.20-1.05. Sales: 215 lots of 100 tonnes. Barley: May 106.50, Sept 97.90-7.30, Nov 100.40-99.75, Jan 102.75-2.55, March 104.60, May 107.00-6.95. Sales: 67 lots of 100 tonnes.

LONDON GRAINS—Wheat: US hard winter 13½ per cent, June/July 96.00, August 95.50. US no 2 soft red winter June 94.75, July 93.25, August 94.00. French 11½-12 per cent May 143.00. English fed fob June 124.50 seller, Sept 103.00-104.00, Oct-Dec 105.50, Jan-March 109.50 buyers. Maize: US no 3 yellow/French transhipment east coast May 149.00. Barley: English feed fob June 112.00-113.00 buyer/sellers English, 111.00-112.00 Scottish, July 20-August 10 99.00-99.50 buyer/sellers, August 100.00, Sept 102.00, Oct-Dec 105.00 sellers.

HGCA—Locational ex-farm spot prices. Feed barley: Eastern 109.00, N. East 108.70. The UK monetary coefficient for the week beginning Monday May 25 (based on HGCA calculations using three days' exchange rates) is expected to be unchanged.

POTATOES

The market was again quiet, trading within a limited range to close £1.80 up on the day, awaiting fresh direction, reports Coley and Harper.

Month	Yesterday's close £ per tonne	Previous close	Business done
Nov	91.50	91.00	93.00-91.00
Feb	100.80	100.00	—
April	125.60	124.50	126.00-124.50
May	140.00	137.00	—

Sales 332 (359) lots of 40 tonnes.

US MARKETS

GOOD FUND and commission house buying in the gold and silver futures touched off stops to steady the markets in early trading before trade selling at the highs prompted profit-taking to ease prices from the highs, reports Drexel Burnham Lambert.

Late in the session, however, local short-covering and fresh commission house buying took values to new highs on the day. In copper futures trade and light fund buying kept the market firm in the face of profit-taking. Crude oil futures made new highs on trade and commission house buying which touched off stops. Slight dips from the highs came from profit-taking, but local buying added to the market's strength. Early local and speculative selling touched off stops in cocoa, but trade scale-down buying promted short-coverings. In sugar futures early commission house buying was met by producer price-fix selling forcing the market lower before late trade and commission house buying steadied values back. Speculative buying steadied coffee before trade profit-taking eased prices, but short-covering and fresh speculative buying helped a recovery. Heavy profit-taking in cotton futures eased prices in the face of light trade scale down buying and local short-covering. Speculative short-covering in May orange juice helped steady the market. In the grains profit-taking across the board eased prices before a late short-covering rally steadied prices back towards the close. The meats were quiet but steady in advance of a cattie on feed report anticipated to be better than previously expected.

NEW YORK

ALUMINIUM 40,000 lbs, cents/lb

	Close	Prev	High	Low
May	71.50	71.50	71.50	71.50
June	69.75	70.15	—	—
July	69.00	69.20	70.00	69.00
Sept	67.20	67.50	67.00	67.00
Dec	66.30	66.60	—	—
Jan	[illegible]	[illegible]	—	—
March	[illegible]	[illegible]	—	—
May	[illegible]	[illegible]	—	—

COCOA 10 tonnes, $/tonnes

	Close	Prev	High	Low
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

COFFEE "C" 37,500 lbs, cents/lb

	Close	Prev	High	Low
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

COPPER 25,000 lbs, cents/lb

	Close	Prev	High	Low
May	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]

CRUDE OIL (LIGHT) 42,000 US gallons, $/barrels

	Latest	Prev	High	Low
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]

GOLD 100 troy oz, $/troy oz

	Close	Prev	High	Low
May	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]

SPOT PRICES: Chicago loose lard 15.00 (same) cents per pound. Handy and Harman silver bullion [illegible] cents per troy ounce. New York tin 318-23 (318-23) cents per lb.

COTTON 50,000 lbs, cents/lb

	Close	Prev	High	Low
July	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

HEATING OIL 42,000 US gallons, cents/US gallons

	Latest	Prev	High	Low
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]

ORANGE JUICE 15,000 lbs, cents/lb

	Close	Prev	High	Low
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

PLATINUM 50 troy oz, $/troy oz

	Close	Prev	High	Low
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

SILVER 5,000 troy oz, cents/troy oz

	Close	Prev	High	Low
May	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

SUGAR WORLD "11" 112,000 lbs, cents/lb

	Close	Prev	High	Low
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]

CHICAGO

LIVE CATTLE 40,000 lbs, cents/lb

	Close	Prev	High	Low
June	[illegible]	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

LIVE HOGS 30,000 lb, cents/lb

	Close	Prev	High	Low
June	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]	[illegible]

MAIZE 5,000 bu min, cents/56-lb bushel

	Close	Prev	High	Low
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

PORK BELLIES 38,000 lb, cents/lb

	Close	Prev	High	Low
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEANS 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Nov	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL 100 tons, $/ton

	Close	Prev	High	Low
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN OIL 60,000 lbs, cents/lb

	Close	Prev	High	Low
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
Jan	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

WHEAT 5,000 bu min, cents/60-lb bushel

	Close	Prev	High	Low
May	[illegible]	[illegible]	[illegible]	[illegible]
July	[illegible]	[illegible]	[illegible]	[illegible]
Sept	[illegible]	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]	[illegible]
March	[illegible]	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]	[illegible]

SOYABEAN MEAL

	Yesterday's close £ per tonne	+ or —	Business done
June	[illegible]	[illegible]	[illegible]
August	[illegible]	[illegible]	[illegible]
October	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Feb	[illegible]	[illegible]	[illegible]
April	[illegible]	[illegible]	[illegible]
June	[illegible]	[illegible]	[illegible]

Sales: 302 (408) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $161.50 (£106.00), up $4.50 (up £2.00) a tonne for June-July delivery. White sugar $194.50, up $3.50.

No. 6 Contract	Yesterday's close	Previous close	Business done
	$ per tonne		
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]
Dec	[illegible]	[illegible]	[illegible]
Mar	[illegible]	[illegible]	[illegible]
May	[illegible]	[illegible]	[illegible]
Aug	[illegible]	[illegible]	[illegible]
Oct	[illegible]	[illegible]	[illegible]

Sales: 4,913 (3,948) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £212.50 (£210.00) a tonne for export.

International Sugar Agreement—(US cents per pound fob and stowed Caribbean ports.) Prices for May 14: Daily price 6.87 (6.76); 15-day average 6.76 (6.75).

MEAT

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 96.82p per kg lw (+0.65). GB—Sheep 206.68p per kg est dcw (−6.62). GB—Pigs 79.67p per kg lw (+2.51).

RUBBER

PHYSICALS—Closing prices (buyers): Spot 62.00p (61.50p); June 61.75p (61.25p); July 61.25p (60.75p). Kuala Lumpur fob price (Malaysian/Singapore cents) per kg: RSS No 1 232.5 (232.0); SMR 20 205.0 (199.5).

FUTURES—Index 579, June 578-581, July 578-581, July/Sept 578-581. Sales: Nil.

OIL

Brent prices opened about 20c up and traded thinly at these levels. Prices were supported by Nymex which began to firm after Thursday's London close. June WTI opened 2c down on Nymex but traded 9c up at 1.30 pm EDT. The petroleum products market was thin with most prices stable—Petroleum Argus, London.

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)—June		
Arab Light	—	—
Arab Heavy	—	—
Dubai	17.10-17.20	+0.075
Brent Blend	18.90-19.00	+0.20
W.T.I. (1 pm est)	19.70-19.80	+0.225
Forcados (Nigeria)	—	—
Urals (cif NWE)	—	—
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	202-205	—
Gas Oil	154-156	+1
Heavy fuel Oil	109-112	−0.5
Naphtha	172-174	—

* July
Petroleum Argus estimates

GAS OIL FUTURES

Month	Yestrdy's close	+ or —	Business Done
	US $ per tonne		
June	155.00	[illegible]	[illegible]
July	155.00	[illegible]	[illegible]
Aug	155.75	[illegible]	[illegible]
Sept	157.00	[illegible]	[illegible]
Oct	159.50	[illegible]	[illegible]

Turnover: 1,901 (2,634) lots of 100 tonnes.

HEAVY FUEL OIL

Month	Yesterday's close	+ or —	Business Done
	US $ per tonne		
June	106.00	—	106.00
July	104.00	—	104.00

Turnover: 14 (0) lots of 100 tonnes.

NEW YORK

[illegible]

WALL STREET

Lower on uncertain prospects

STOCK PRICES declined on Wall Street yesterday in a market uncertain about prospects for interest rates and inflation. A larger than expected 0.7 per cent rise in April producer prices provided an excuse to take profits, while a ¼ per cent increase to 8¼ per cent in some bank's prime rates kept investors wondering about Fed policy.

By 1 pm the Dow Jones Industrial Average was down 18.23 to 2,307.16, for a net loss of 0.14 on the week, while the NYSE All Common index, at $164.13, lost $1.63 on the day and 57 cents on the week. The Transportation index lost 5.57 to 970.47, but still held a 19.17 rise on the week. Volume 122.40m shares.

The dollar derived some support from the prime rate rise and speculation the Federal Reserve would raise the discount rate. Higher rates make yields on US securities more attractive to foreign investors and provides at least a partial counter to the currency translation risk.

Allegis, the parent of United Airlines, paid little attention to market trends, gaining $1¾ to $73¼ and topping the actives amid continued speculation that somebody is accumulating its stock.

Digital Equipment fell $4 to $161⅝.

THE AMERICAN SE Market Value index dipped 2.37 to 334.56, for a net loss of 0.16 on the week. Trading volume 8.62m shares.

CANADA

Stocks turned lower at midsession after inflation fears were reignited by news of a bigger than expected rise in US producer prices for April and a prime rate increase by a US bank.

The Toronto Composite index fell 13.0 to 3819.90, and Metals & Minerals shed 8.0 to 2947.3, but the Gold index moved up 84.7 to 9330.3 and Oil & Gas firmed 1.5 to 4500.7.

In Golds, International Corona rose $⅝ to $43¾, Campbell Red Lake $⅝ to $42¾ and Belmoral climbed another $1⅛ to $8⅝.

Dome Petroleum edged up 2 cents to $1.34, after losing 6 cents Thursday when its creditors announced they wanted a better deal than Amoco Corp $5.2bn takeover proposal.

TOKYO

Share prices firmed to a second straight record close in moderately active trade as a stable yen/dollar exchange rate bolstered market optimism.

The Nikkei Dow Market index finished 77.59 to a record 24,729.03, after earlier touching 24,642.53. The previous closing high set Thursday was 24,651.44 when the market rose 288.25.

The broad-based first section index rose 9.34 to 2,178.79. Advances just led declines in turnover of 1.1bn (same) shares.

HONG KONG

Higher in heavy trading but profit-taking trimmed early gains.

The Hang Seng index was up 18.27 to 2,872.19, after 2,881. The Hong Kong index gained 12.45 to 1,855.50. Turnover $HK1.023 ($HK842.4).

Sentiment remained bullish as the market showed technical strength in extending Thursday's gains but resistance was strong.

HK Resort began trading and closed at $HK1.29, after touching $HK1.37 against an offer price of $HK1.28.

Cheung Kong gained 25 cents to $HK41.50, while its affiliate HK Electric rose 20 cents to $HK14.50. The group's Hutchison affiliate held steady at $HK6.75.

SINGAPORE

Mixed in active trading.

The Straits Times Industrial index rose to its fourth straight record, closing 4.22 higher at a new high of 1,209.16. Turnover 76.2m (79.7m) units.

KL Industries traded 3.5m units and closed 5½ cents firmer at S$1.01. Inovest rose 10 cents to S$2.04 on 2.8m units and Lim Kah Ngam gained 16 cents to S$1.41 on 2.4m units.

AUSTRALIA

Barely steady for the second consecutive day as investors remained reticent to follow initial morning buying.

The All Ordinaries index held steady at 1,846.5, while the All Industrials moved up 5.8 to 2,589.8. The Gold index added 23.6 at 3,518.1, but the All Resources index shed 4.3 to 1,283.5 and Oil and Gas index lost 7.4 to 1009.5. National turnover 154m shares worth $A293m. Rises outnumbered falls around a four-to-three majority.

News Corp led the Industrial sector, rising 10 cents to $A20.50. Fairfax gained 20 cents to $A15.40, but Northern Star, which could lose heavily if the Government's media legislation is not passed, lost 25 cents to reach a year's low of $A2.65.

Westpac's poor interim result affected Banking stocks. Westpac finished 10 cents off at $A5.00, with the ANZ losing 8 cents to $A8.34. BTR Nylex fell 30 cents to $A8.00.

Profit taking sliced 30 cents off Genoa to $A5.50, and 10 cents off Hartogen $A4.80 after a day's low of 4.50.

In Minings, Sons of Gwalia jumped 70 cents to $A14.50, Forsayth 30 to 6.40 and MIM 11 to 2.73.

Pancontinental remained strong, up 15 cents at a year's high of $A4.20, fuelling speculation of a strategic stake in the company was being assembled.

GERMANY

Easier but above the worst on position-squaring ahead of the weekend. Turnover was small.

The Commerzbank index of 60 leading shares, calculated at midsession, lost 20.9 to 1,767.4.

Deutsche Bank's capital increase and the weaker dollar depressed sentiment. "News of a large capital increase when prices are weak puts further pressure on the market," one dealer said.

Deutsche Bank fell DM 20.50 to DM 605 and Dresdner eased DM 10.50 to DM 326.50. Dresdner said in a report that prices here could rise in the next months as low-valued Blue-Chips attracted international investor interest once again.

Retailer Karstadt improved DM 11 to DM 445 on expectations of better earnings. Sports goods maker Puma also surged DM 27 to DM 434 on renewed rumours it could be a subject of a takeover attempt.

In Engineerings, Linde fell DM 15 to DM 665 following recent news of a slide in orders.

PARIS

French shares fell sharply following news of a lower than expected domestic growth rate forecast for 1987, and a continuing weak dollar.

Leading falls included Construction group Colas down to FFr 2,175, Bouygues, another construction group, down to FFr 1,140, after FFr 1,125, and Transport group Chargeurs down to FFr 1,510.

Gains included Construction Equipment group Poclain up to FFr 16.80 after hitting a year's high at FFr 17.10, and Mail Order company La Redoute up to FFr 2,300.

Foreign shares were slightly easier, with declines leading gains by around three-to-two. Oils and Gold Mines were firm, while Japanese, US and West German stocks were lower.

SWITZERLAND

Swiss domestic shares ended lower in moderate pre-weekend trading.

The weak dollar and the disappointment over the US trade deficit dashed hopes that foreign investors might return to the Swiss Stock Market.

Selling centered on Blue Chips, while shares of "smaller" domestic oriented companies felt some demand.

In lower Banks, Union Bank bearer dropped Fr 80 to 4,720 and the registered eased Fr 10 to 910.

Insurances showed some resistance.

Blue Chip Engineerings ended lower. Chemicals closed barely steady.

Closing prices for North America were not available for this edition.

CANADA

[illegible]

AUSTRIA

[illegible]

BELGIUM/LUXEMBOURG

[illegible]

DENMARK

[illegible]

FINLAND

[illegible]

FRANCE

[illegible]

GERMANY

[illegible]

ITALY

[illegible]

NETHERLANDS

[illegible]

NORWAY

[illegible]

SPAIN

[illegible]

SWEDEN

[illegible]

SWITZERLAND

[illegible]

AUSTRALIA

[illegible]

AUSTRALIA (Continued)

[illegible]

HONG KONG

[illegible]

JAPAN

[illegible]

JAPAN (Continued)

[illegible]

SINGAPORE

[illegible]

SOUTH AFRICA

[illegible]

Indices

NEW YORK

DOW JONES

[illegible]

STANDARD AND POOR'S

[illegible]

TRADING ACTIVITY

[illegible]

CANADA

TORONTO

[illegible]

[illegible]

NEW YORK ACTIVE STOCKS

[illegible]

CURRENCIES & MONEY

FOREIGN EXCHANGES

Dollar continues to fall

THE DOLLAR finished below Thursday's levels despite a rise in US prime rates to 8¼ per cent from 8 per cent. The increase had been anticipated and did little to offset an unexpected fall of 0.4 per cent in US industrial production, coming so soon in the wake of less than encouraging US trade figures. In addition producer prices rose by 0.7 per cent, giving substance to the ominous prospect of a sluggish economy with rising inflation.

Earlier comments by Mr Malcolm Baldridge, US commerce secretary, that the dollar's value was broadly in line with global economic conditions had only a limited supporting effect.

The dollar fell to a lof ow DM 1.7740 against the D-Mark before closing at DM 1.7790 down from DM 1.7870 on Thursday. It was slightly higher against the yen at Y139.80 from Y139.50 but fell elsewhere to SFr 1.4610 from SFr 1.4690 and FFr 5.9475 compared with FFr 5.9625. On Bank of England figures, the dollar's exchange rate index fell from 100.1 to 99.8.

Sterling finished on a steady note with the Bank of England intervening from time to time to prevent too sharp a rise. Further encouraging opinion polls for the Conservative Party and the authorities' resistance to lower interest rates provided sterling with a solid base.

Against the dollar it rose to $1.6785 from $1.6780 but eased to DM 2.9850 from DM 2.9975. It was firmer against the yen at Y234.50 from Y234.10 but slipped to SFr 2.4525 from SFr 2.4650 and FFr 9.9825 against FFr 10.0050. On Bank of England figures, the pound's exchange rate index finished at 73.6 from 73.7 on Thursday.

D-MARK—Trading range against the dollar in 1987 is 1.9305 to 1.7690. April average 1.8112. Exchange rate index 147.5 against 142.8 six months ago.

There was no intervention by the Bundesbank at yesterday's fixing in Frangfurt when th dollar was fixed at DM 1.7829 down from DM 1.7917 on Thursday.

Early trading saw the dollar weaker as some traders expressed their disappointment over the modest narrowing in the US trade deficit. It touched a low of DM 1.7755 but attracted support at this level to recover towards the fixing. Comments by Mr Malcolm Baldrige, US commerce secretary, that the dollar's current value was broadly consistent with global economic conditions appeared to provide sufficient encouragement to push the US unit back up to DM 1.7850.

It closed at DM 1.7775 from DM 1.7885 on Thursday as further selling developed during the afternoon.

JAPANESE YEN—Trading range against the dollar in 1987 is 159.45 to 138.35. April average 142.86. Exchange rate index 226.5 against 206.2 six months ago.

Trading remained fairly subdued in Tokyo. The dollar finished slightly firmer in the wake of Thursday's US trade figures and a call by the Japanese Finance Ministry for Japanese banks to refrain from dollar seculation.

The US unit closed at Y139.35 compared with Y139.15 in New York but still below Thursday's Tokyo close of Y140.05. While some traders welcomed the narrower deficit others claimed that the figure was still running above officil projections and that this was ltimately bearish for the dollar.

£ IN NEW YORK

May 15	Latest	Previous Close
£ Spot	1.6780-1.6790	1.6800-1.6810
1 month	0.37-0.27 pm	0.27-0.25 pm
3 months	0.67-0.63 pm	0.65-0.62 pm
12 months	1.30-1.20 pm	1.22-1.12 pm

Forward premiums and discounts apply to the U.S. dollar.

STERLING INDEX

	May 15	Previous
8.30 am	73.7	73.6
9.00 am	73.7	73.6
10.00 am	73.6	73.6
11.00 am	73.6	73.7
Noon	73.7	73.6
1.00 pm	73.7	73.7
2.00 pm	73.6	73.7
3.00 pm	73.7	73.7
4.00 pm	73.6	73.7

CURRENCY RATES

May 15	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.77963	0.694069
U.S. Dollar	5.5	1.3081	1.16500
Canadian $	7.90	*	1.55702
Austrian Sch.	4	16.4044	14.6067
Belgian Franc	8	48.4113	43.0757
Danish Krone	7	N/A	7.81362
Deutsche Mark	3.0	2.3321	2.07695
Neth. Guilder	4½	2.63051	2.34141
French Franc	9½	7.7902	6.93580
Italian Lira	11.5	N/A	1505.30
Japanese Yen	2½	182.34	162.424
Norway Krone	8	8.66851	7.73499
Spanish Peseta	—	N/A	145.275
Swedish Krona	7½	8.14660	7.26724
Swiss Franc	3.5	1.91565	1.70497
Greek Drach.	20½	173.658	154.944
Irish Punt	—	0.875439	0.776664

*C$/SDR rate for May 14: 1.74764

CURRENCY MOVEMENTS

May 15	Bank of England Index	Morgan Guaranty Changes %
Sterling	73.6	N/A
U.S. Dollar	99.8	"
Canadian Dollar	76.7	"
[illegible]	[illegible]	[illegible]

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base average 1975=100).

OTHER CURRENCIES

May 15	£	$
[illegible rows]	[illegible]	[illegible]
Luxembourg	61.70-61.80	36.75-36.85
Malaysia	4.4095-4.5080	2.4680-2.4695
Mexico	2052.30-2073.70	1220.00-1232.00
N. Zealand	2.9065-2.9115	1.7290-1.7310
Saudi Ar.	6.3065-6.3120	3.7495-3.7505
Singapore	3.5600-3.5690	2.1185-2.1200
S. Af. (Cm)	3.3505-3.3660	2.0020-2.0060
S. Af. (Fn)	5.3380-5.5130	3.1745-3.2785
Taiwan	54.25-54.55	32.35-32.45
U.A.E.	6.1770-6.1825	3.6725-3.6735

*Selling rate

Correction for May 15: U.A.E. $3.6725—3.6735

POUND SPOT—FORWARD AGAINST THE POUND

May 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.6755-1.6830	1.6780-1.6790	0.24-0.21c pm	1.61	0.60-0.55 pm	1.37
Canada	2.2420-2.2542	2.2453-2.2484	0.26-0.19c pm	1.20	0.40-0.29 pm	0.61
Netherlands	3.36¼-3.37½	3.36¼-3.37¼	1¼-⅞c pm	3.56	3⅞-2¾ pm	3.49
Belgium	61.70-62.14	61.70-61.80	13-6c pm	1.85	30-19 c pm	1.59
Denmark	11.23-11.26¼	11.24-11.25	⅝-1⅝ ore dis	-1.20	3-4½ dis	-1.33
Ireland	1.1163-1.1216	1.1170-1.1180	0.15-0.24 p dis	-2.09	[illegible] dis	-1.83
W Germany	2.98½-2.99½	2.98-2.99	1½-1¼pf pm	5.28	4-3½ pm	5.03
Portugal	231.83-233.50	231.83-232.81	90-160c dis	-6.46	[illegible] dis	-6.54
Spain	206.68-209.64	208.68-209.14	164-240c dis	-11.72	[illegible] dis	-9.17
[illegible rows: Italy, Norway, France, Sweden, Japan, Austria, Switzerland]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Belgian rate is for convertible francs. Financial franc [illegible]. Six-month forward dollar 0.94-0.89 c pm. 12-month 1.21-1.11 pm.

DOLLAR SPOT—FORWARD AGAINST THE DOLLAR

May 15	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc [illegible].

EURO-CURRENCY INTEREST RATES

May 15	Short term	7 Days' notice	One Month	Three Months	Six Months	One Year
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long-term Eurodollars: two years 8¼-8⅛ per cent; three years 8¼-9 per cent; four years 9-9¼ per cent; five years 9¼-9½ per cent nominal. Short-term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

May 15	£	$	DM	YEN	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1.	1.679	2.985	234.5	9.983	2.453	3.366	2160.	2.247	61.75
$	0.596	1.	1.778	139.7	5.947	1.461	2.006	1287.	1.339	36.79
DM	0.335	0.562	1.	78.56	3.344	0.822	1.128	723.6	0.753	20.69
YEN	4.264	7.158	12.73	1000.	42.57	10.46	14.36	9211.	9.581	263.3
F Fr.	1.002	1.681	2.990	234.9	10.	2.457	3.373	2164.	2.251	61.86
S Fr.	0.408	0.684	1.217	95.61	4.070	1.	1.373	880.7	0.916	25.18
H Fl.	0.297	0.498	0.886	69.64	2.964	0.728	1.	641.4	0.667	18.34
Lira	0.463	0.777	1.382	108.6	4.622	1.135	1.559	1000.	1.040	28.59
C $	0.445	0.747	1.329	104.4	4.443	1.092	1.499	961.3	1.	27.48
B Fr.	1.619	2.718	4.834	379.8	16.17	3.972	5.453	3498.	3.639	100.

Yen per 1,000: French Fr per 10: Lira per 1,000: Belgian Fr per 100.

MONEY MARKETS

Further pressure for rate cut

INTEREST RATES continued to exert pressure on the authorities to allow a cut in clearing bank base rates yesterday. A combination of sterling's strength, helped by further encouraging opinions polls for the Conservative Party and very easy short term credit conditions meant that bill rates remained well below the Bank of England's official dealing rates.

Downward pressure was exacerbated by the authorities' attempts to keep sterling from pushing through DM 3.00 by purchases of foreign currency. This is turn was feeding through to the money market. Longer term rates were steady to a shade firmer which gave a positive yield curve out to one year. This gave an interest insight into how far interest rates were expected to fall and many traders were unsure that much more than a half-point cut would be forthcoming in the near future.

UK clearing bank base lending rate 9 per cent since May 8

Three-month interbank money was unchanged at 8$\frac{11}{16}$-8$\frac{9}{16}$ per cent. Weekend money opened at 8¼-8 per cent and moved up to 8½-8 per cent during lunchtime before touching a high of 11 per cent. This reflected the shortfall of assistance given on the day's relatively modest shortage.

The Bank of England forecast a shortage of around £100m with factors affecting the market including bills maturing outside official hands and a take up in Treasury bills adding a net £115m and Exchequer transactions a further £60m. Banks brought forward balances £25m above target while on the other side there was a rise in the note circulation of £315m.

The forecast was revised to a shortage of around £200m but the Bank gave no assistance in the morning. In the afternoon it bought £6m of eligible bank bills in band 1 at 8⅞ per cent and £15m in band 2 at 8⅞ per cent. Late help came to £70m, making a total of £91m.

Pressure for lower base rates was reflected in the weekly Treasury bill tender result where the average rate of discount fell by 0.2413 to 8.2568 per cent. The 100m of bills on offer attracted bids of £492m compared with £498m for a similar amount the previous week and the minimum accepted bid was £97.73 against £97.87. Bids at that level were met as to about 26 per cent and above in full compared with 25 per cent previously and all bills offered were alloted. Next week a further £100m of bills will be on offer, replacing a similar amount of maturities.

FT LONDON INTERBANK FIXING

(11.00 a.m. May 15) 3 months U.S. dollars		6 months U.S. dollars	
bid 7⅛	offer 7¼	bid 7⅜	offer 7½

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

May 15	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	3.55-3.65	3.65-3.75	3.65-3.75	3.65-3.75	3.65-3.80	5.0
Paris	8$\frac{1}{16}$-8$\frac{3}{16}$	[illegible]	[illegible]	[illegible]	[illegible]	7¾
Zurich	⅞-1⅛	[illegible]	[illegible]	[illegible]	[illegible]	—
Amsterdam	4$\frac{11}{16}$-5$\frac{1}{16}$	[illegible]	[illegible]	[illegible]	[illegible]	—
Tokyo	3.15625	[illegible]	[illegible]	[illegible]	[illegible]	—
Milan	9⅞-10⅛	[illegible]	[illegible]	[illegible]	[illegible]	—
Brussels	7.05	[illegible]	[illegible]	[illegible]	[illegible]	—
Dublin	11¼-12	[illegible]	11-11¼	[illegible]	10½-10¾	—

LONDON MONEY RATES

May 15	Overnight	7 days notice	Month	Three Months	Six Months	One Year
Interbank	11-8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deposits	8⅛	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount M'ket Deposits	9½-8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	9-8¼	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Deposits	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Deposits	—	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell); one-month 8[illegible] per cent; three months 8[illegible] per cent; Bank Bills (sell); one-month 8[illegible]; three months 8[illegible] per cent. Treasury Bills: Average tender rate of discount 8.2568 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day April 30, 1987. Agreed rates for period May 26 to June 23, 1987, Scheme I: 11.29 p.c. Schemes II & III: 11.11 p.c. Reference rate for period April 1 to April 30, 1987, Scheme IV: 9.843 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 10 per cent from May 1, 1987: Bank Deposit Rates for sums at seven days' notice 3-3½ per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 8 per cent; one-three months 8½ per cent; three-six months 8⅝ per cent; six-12 months 8½ per cent; Under £100,000 8 per cent from May 13. Deposits held under Series 5 10¼ per cent. Deposits withdrawn for cash 5 per cent.

LONDON STOCK EXCHANGE

Opinion polls lift equity sector to fresh peaks

Account Dealing Dates

First Dealings	Option Declarations	Last Dealings	Account Day
Apr 27	May 7	May 8	May 18
May 11	May 28	May 29	Jun 8
Jun 1	Jun 11	Jun 12	Jun 22

* New time dealings may take place from 9.00 am two business days earlier.

The preoccupation of the UK securities markets with domestic factors was brusquely tested yesterday when US prime rates were hoisted, triggering sharp falls in Wall Street equity and bond prices. But London stood up well against the transatlantic pressures. British Government bonds barely flinched in a further display of the sector's de-coupling from the US market. Equities, which had been blazing ahead after the latest opinion poll predictions, were briefly checked by Wall Street's early fall but closed firmly.

The FT-SE 100 index ended a net 9.7 up at 2,189.7, another new statistical peak. The market opened higher as a MORI opinion poll signalled a Government election majority of 140 seats, and surged further ahead later—toppin FT-SE 2200—when an NOP poll predicted an even larger Conservative majority. The FT Ordinary index climbed 7.4 to 1,691.6, also a new peak.

Trading volume was moderate, and the erratic trend at mid-session indicated a good deal of speculative interest. Initially, the market responded to the favourable views on the short-term outlook for the UK expressed in the Bank of England Quarterly Bulletin, and to the lower pound which also reflected the Bank's comments.

Some of the pharmaceuticals began to look tired after their success in recent sessions. Glaxo, unable to sustain an early rise drifted off at the close, and Fisons were easier.

An outstanding feature was the strength of Shell, in direct contrast to the weakness on Wall Street which left British Petroleum shares languishing. Investors were taking a coli look at the two oil majors in the wake of the quarterly results announced on Thursday.

Consumer stocks made little response to the latest UK retail price index, but were featured by takeover developments.

Government bonds were mildly easier throughout the session, but traders ascribed this to the weight of new stock now overhanging the market in the wake of this week's £2bn Treasury sales. After opening ¼ off, prices bounced around these lecvels until the end of the day when the developments in the US credit markets caused a very slight easing in British Gilts. Net losses on the day of half a point indicated that London was feeling no strain from the increase in US bank rates.

FINANCIAL TIMES STOCK INDICES

	May 15	May 14	May 13	May 12	May 11	Year ago	1987 High	1987 Low	Since Compilation High	Since Compilation Low
Government Secs	92.62	92.92	93.02	92.92	93.15	91.54	93.32 (8/5)	84.49 (6/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	98.07	98.05	98.54	98.35	98.39	96.74	98.54 (13/5)	90.23 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1691.6	1684.2	1,680.5	1,670.4	1,686.9	1,289.5	1,691.6 (15/5)	1,320.2 (2/1)	1,691.6 (15/5/87)	49.4 (26/6/40)
Gold Mines	429.9	420.8	421.4	428.1	428.3	246.1	485.0 (14/4)	288.2 (19/2)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	3.39	3.41	3.41	3.44	3.41	4.25				
Earnings Yld.%(full)	8.18	8.20	8.20	8.20	8.13	10.57				
P/E Ratio (net) (*)	15.04	15.01	15.00	15.05	15.19	11.57				
SEAQ Bargains (5 pm)	49,571	47,513	46,728	52,941	62,147	—				
Equity Turnover (£m)	—	1776.53	1,522.47	1,599.60	1,481.39	490.93				
Equity Bargains	—	61,468	61,260	68,455	63,762	23,887				
Shares Traded (ml)	—	705.5	609.7	643.4†	573.3	218.4				

S.E. ACTIVITY

Indices	May 14	May 13
Gilt Edged Bargains	144.0	161.2
Equity Bargains	398.3	396.9
Equity Value	3590.8	3077.3
5-Day Average		
Gilt Edged Bargains	180.7	189.2
Equity Bargains	410.9	399.9
Equity Value	3438.0	3366.5

♥ Opening	10 a.m.	11 a.m.	Noon	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1689.0	1685.2	1693.9	1698.4	1698.2	1694.9	1689.7	1690.0

Day's High 1699.1. Day's Low 1684.7. Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, *Nil=14.71.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 01-246 8026

Reckitt and Colman jumped ½ to £11½ despite the company's statement to quell speculation about a new drug development.

The board said in response to the market talk that it holds patents to certain synergistic products currently undergoing test from which results will not be available for some time.

Saatchi & Saatchi rallied from the setback which greeted the results announced on Thursday, helped by a generally favourable review in the UK financial press of the advertising group's long-term prospects.

At 630p, the shares regained 6, although trading volume of 1m was well below recent levels. Not all analysts shared the concern that the group might be obliged to consider a further rights issue.

A strong burst of buying interest was directed towards the financil sector with particular emphasis on the clearing banks which dealers said had underperformed the rest of market in recent weeks. Natwest, with 4.2m shares traded, highlighted the big four and jumped 21 to 658p, mirroring the company's lack of exposure to Brazilian debt worries. Lloyds were not far behind and rose 16 to 550p after a turnover of 3.2m shares, while Barclays (2.6m) put on 10 to 558p ahead of the forthcoming ADR facility. Midland, usettled earlier in the week when vague rumours of an impending rights issue re-surfaced, were 8 firmer at 678p.

Royal Bank of Scotland, a disappointing market of late following the interim figures, picked up 7 to 328p in the wake of a buy recommendation from broking firm Sheppards. Gerrard & National were 7 to the good at 410p on further consideration of the 11 per cent increase in profits.

Generally favourable Press comment on the first quarter results prompted good demand for composite insurances, notably Royals which leapt 35 to 930p. General Accident added 15 at 955p and Commercial Union 5 to 331p. Life issues showed Legal and General 6 up at 308p, still boosted by the good first-quarter figures announced at last week's annual meeting.

Guinness were chased higher and the renewed activity gave rise to revived speculation. Suggestions of a share stake changing hands were dismissed by market-makers who attributed the demand to UK funds recognising the group's recovery potential, and topping up their investment portfolios. After rising to 347p, Guinness eased back to close 5 up on balance at 345p. Bass climbed above £10 for the first time, settling, 12 higher at 1003p; the interim results are scheduled for Wednesday.

Attention in Buildings was in the main focused on quality stocks. RMC, boosted by a broker's lunch, touched 903p prior to closing 12 higher at 897p. Tarmac continued firmly at 558p, up 13, while Redland added 6 more to 490p. Costain attracted support ahead of next week's meeting with brokers and rose 11 to 534p and George Wimpey moved up 9 to 242p, after 244p. Blue Circle hardened a few pence to 913p and Rugby Portland Cement, a strong performer in recent days, gained another 8 to 259p.

ICI were steady at £14¼ undeterred by news that Morgan Guaranty of New York had marginally reduced its holding in the company to 13.54 per cent. Elsewhere in the Chemical sector, Creda International Deferred attracted good support on yield considerations and rose 17 to 225p.

Leading Stores made a bright start, amid suggestions of further cuts in interest rates, but gradually ran out of steam to close with only minor gains on balance. GUS "A" were ⅛ up at £13½, Storehouse 3 firmer at 313p and Harris Queensway 3 better at 240p. Ratners, which revealed doubled preliminary profits earlier in the week, hardened 2 to 359p. Burton dropped 6 to 313p and Dixons 9 to 394p. Second-liners included numerous outstanding features, especially Martin Ford, 4 higher at 116p amid talk of an imminent assets injection. Time Products, 5 up at 166p on the recent good results, and Mrs Fields which jumped 17 to 264p following Press comment. The acquisition of Gladesmore, the Peter Brown clothes retailer, for £6.46m, triggered good demand for Etam, 9 up at 295p. Acquisition news also boosted European Home Products, which gained 7 to 237p. Lee Cooper spurted a similar amount to 411p; Compaigne de Navigation Mixte SA increased its stake to 17.5 per cent.

STC performed strongly in a mixed electricals sector; a buy recommendation from Morgan Grenfell saw the shares improve rapidly and subsequent good buying—8.8m shares changed hands—lifted the share price 11¼ to 330p by the close. GEC, on the other hand, turned easier on profit-taking and settled 3 cheaper at 234p, leaving them 15 higher over the week after the recent re-rating and rumours of an imminent and sizeable US acquisitions totalling £8.5m while Phicom climbed 14 more to 63p still boosted by the management re-structuring undertaken by Robert Fleming. Circaprint advanced 7 more to 190p, up 49, on the week, as buyers continued to chase the shares after the 72 per cent increase in interim profits announced on Monday. Mellerware were suspended at 80p ahead of news of the losses and final dividend commission.

Interest broadened a little in Hawker, which closed 8 to the good at 514p; some 2.1m shares changed hands. Concentric encountered fresh demand following further comment on the recent half-year figures and advanced 11 to 211p. Speculative activity left James Neill 19 higher at 251p, while Tysack Turner featured a rise of 39 at 230p on vague asset injection talk. Hall Engineering rose 7 to 298p as the company announced the sale by Regentcrest of its 9.8 per cent stake in the company, the bulk of which has been taken up by institutional investors.

Tate and Lyle attracted early aggressive demand and touched 805p prior to closing 12 higher at 797p. S. & W. Berisford, in which Associated British Foods recently acquired a stake, closed 9 up at 334p, after 337p, reflecting a combination of institutional and speculative buying. AB Foods, reliminary figures due on Monday, moved up 11 to 403p. In the Retailing sector, advice to switch to Argyll out of J. Sainsbury lent early support to the former which touched 473p before drifting back to close unchanged on balance at 465p. J. Sainsbury lost 10 at 565p. Tesco were finally a penny dearer at 543p after 550p, following the successful bid for Hillards.

Garfunkels gained 31 to 279p following details of the agreed share-exchange offer from Belhaven, 4 lower at 74p. Kennedy Brookes, mentioned as a possible bidder for Garfunkels, rose 13 to 376p following its annual meeting.

Most leading miscellaneous industrials ended the day a few pence lower. BOC, the industrial gases and health care group, settled 3 cheaper at 481p awaiting Monday's interim statement. Analysts are forecasting pre tax profits of around £125m for the first half. Glaxo, up to £15⅞ initially, closed without alteration at £15¾, while Beecham finished unchanged at 520p, after 523p. Elsewhere, Bowater, reflecting the encouraging tenor of the chairman's statement at the annual meeting, advanced 12 to 530p, while British Aerospace improved 8 to 645p following confirmation of £450m Government launch aid for the next generation of airliners. Among the anti/Aids related stocks, London International, mentioned in the US Press, were in demand and touched 323p before settling well below the best with a rise of 11 on the day at 315p. Wellcome, a good market in the previous trading session on the prospect of an additional £1.5m for London hospitals to acquire the company's Aids drug, AZT, met with profit-taking and reacted 3 to 443p. Morgan Crucible, still reflecting news that Mr Holmes a Court has sold his entire holding in the company, eased 5 more to 348p making a two day loss of 21p. Walker Greenbank, up 4 more at 120p continued to benefit from acquisition news, but Scottish Heritable Trust were unsettled at 240p, down 7, by the announcement of a proposed £16.5m rights issue. Other noteworthy movements included Scapa, 9 higher at 295p, and Cape Industries, 12 to the good at 125p.

Saga Holidays attracted sepeculative support on vague takeover rumours and closed 24 higher at 188p. Elsewhere in the Leisure sector, Joseph Webb, undeterred by the company's denial of any bid approaches, gained 8½ to 51p.

Another set of disastrous figures made little impact on Rover, at 57p, while Reliant found a few supporters and rose 9 to 43p. The re-rating of FR Group since the annual results gathered pace, the shares rising 20 to a peak 405p. Other Components were slightly harder. Distributors presented features across the board. Appleyard, 293p, and T. Cowie, 138p, gained around 10 apiece while Western Motor were raised 35 to 317p. Godfrey Davis picked 6 at 184p, reflecting the Govett Stratgic IT acquisition of a near-10 per cent stake, but Perry reacted 8 to 283p after confirmation that Goode Durrant had sold its shareholding, also to Govett Strategic, which now holds 10 per cent of the equity capital.

Lowe Howard-Spinks became prominent on a report the agency had gained the Guinness account, and ended 24 up at 485p. Vague bid hopes lifted Blenheim Exhibitions 35 to 375p in a restricted market while Delyn Packaging, still helped by a Chase Manhattan circular, gained 32 further to 545p. Against the trend, profit-taking lowered More O'Ferrall 10 to 253p. Elsewhere, Usher-Walker responded to Press comment with a rise of 13 to 268p.

Properties continued to reflect asset value and growth prospects. Helical Bar continued to attract small buying and, in a restricted market, advanced 1¼ points to £14¼. Southend Stadium, still reflecting property development prospects, rose 72 more to 795p. Control Securities touched 47p on speculation about an imminent deal before easing back to close at 46p, still up 2¼ on balance.

P & O again moved into higher ground, closing 7 up at 650½p, while Walter Runciman rebounded 10 to 216p. Lyle Shipping ordinary and preferred ordinary were suspended at 9p and 3½p respectively following news that the company was seeking the appointment of a receiver.

Drummond emerged from a prolonged spell of inactivity and, in a thin market, rose 12 to 164p. Other Textiles also showed firmness with Illingworth Morris rising 9 to 77p, Dura Mill gaining 12 to 182p and R. Smallshaw improving 5 to 110p. Lower profits, which the board deemed satisfactory in view of the last-quarter's trading environment, left Yorklyde unaltered at 265p.

Selected Investment Trusts sported useful rises. Kleinwort Smaller, 508p, and Precious Metals, 277p, surged ahead 18 apiece while London Atlantic rose 12 to 282p and Marine Adventure Sailing 13 to 348p. The Financial section witnessed a slowdown n activity, although Abaco traded briskly and closed 4 higher at 75½p. AC Holdings maintained its upward momentum, risin 30 more to 615p while James Fergusons recovered 9 to 108p. Silvermines advanced 12 to 140p.

Shell spurted ¼ to £13½, after £13¾, following a recommendation from BZW to switch into the shares from BP, which ended the session a fraction off at 352p; demand for Shell was also triggered by favourable comment on the first quarter figures announced on Thursday. British Gas, where turnover reached 19m shares, ended a shade off at 114p.

Lonrho benefited from a trio of influences. These embraced rising platinum prices, a strong "buy" recommendation from brokerage house Sheppards and favourable comment. The combination brought a surge in business, volume totalled 5.3m shares, and a rise in the price of 9 to 299p. Tozer Kemsley again had followers and put on 6½ further to 157½p, but end-week profit-taking stopped the relentless advance in Polly Peck, which came back 15 to 290p.

Gold shares moved up sharply as inflation fears resurfaced in the US following a rise in producer prices in April, which also brought a weakening in the dollar.

ConsGold stood out with a substantial gain and elsewhere RTZ joined in the general advance.

Traditional Options

Contracts taken out in traded options totalled 54,298 made up of 38,137 calls and 16,161 puts. British Gas accounted for 5,012 calls and 4,906 puts. Calls in Lonrho totalled 2,142.

LONDON TRADED OPTIONS

Option		Calls July	Calls Oct.	Calls Jan.	Puts July	Puts Oct.	Puts Jan.
Allied Lyons (*431)	360	73	85	95	1	5	7
	390	45	63	75	4	10	13
	420	30	42	52	15	20	23
	460	11	23	32	42	45	48
Brit. Airways (*166)	140	29	32	41	1	3	5
	160	17	20	30	11	13	16
	180	8	14	18	24	26	27
British Gas (*115)	90	26	29½	37½	0½	1½	3½
	100	17	23	31	1¼	4½	5½
	110	12	19	22½	5½	8½	10
	120	7	13	17½	11	14½	16½
B.P. (*353)	300	60	68	77	2	8	11
	317	46	56	—	4	12	—
	330	37	46	56	8	17	22
	360	20	30	41	21	29	37
Britoil (*274)	260	32	42	50	14	18	22
	280	21	31	40	24	26	31
	300	14	22	31	38	39	44
Cons. Gold (*1050)	900	160	180	—	11	25	—
	950	127	147	170	22	50	70
	1000	94	122	142	42	70	87
	1050	72	97	—	70	90	—
Courtaulds (*437)	360	78	89	—	2	5	—
	390	55	71	76	9	12	15
	420	32	49	57	15	23	28
	460	12	27	35	33	38	42
Com. Union (*331)	280	57	64	—	2	4	—
	300	38	49	—	5	8	11
	330	16	32	42	14	19	23
	360	7	15	—	34	38	—
Cable & Wire (*404)	330	83	95	103	3	7	13
	360	58	73	85	9	14	25
	390	33	50	60	18	26	35
G.E.C. (*234)	180	58	64	70	1	2	3
	200	38	44	51	1	7	9
	220	24	29	38	8	12	15
	240	14	18	28	18	24	26
Grand Met., I.C.I., Land Securities, Marks & Spen., Shell Trans., Trafalgar House, TSB, Woolworth, Beecham, Boots, BTR, Blue Circle, De Beers, Dixons, Glaxo, Hanson, Lonrho, Racal, Tesco, Unilever, Midland Bk, Thorn EMI, Trusthouse Forte, Brit Aero, BAT Inds, Brit. Telecom, Cadbury Schweppes, FT-SE Index	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Guinness (*344)	280	68	75	83	0½	2½	4
	300	48	60	68	1	6	11
	330	18	37	48	1½	12	18
	360	2½	22	35	17	30	35
Ladbroke (*398)	373	30	48	—	2	10	—
	403	7	30	42	11	27	30
	443	1½	14	24	47	50	55
LASMO (*282)	240	43	53	63	1½	8	10
	260	23	39	52	3	11	17
	280	10	30	39	6	20	23
	300	4	20	23	20	30	33
P. & O. (*658)	550	110	123	138	0½	4	5
	600	60	80	97	1	20	15
	650	16	45	63	8	20	30
Plessey (*233)	220	15	26	30	2	8	13
	240	4	16	21	11	19	24
	260	0½	9	15	30	34	38
Racal (*249)	200	50	56	—	1	2	—
	220	30	38	44	1	3	11
	240	11	24	30	2	13	17
	260	2½	15	23	15	25	26
R.T.Z. (*1070)	850	230	240	257	3	3	9
	900	180	202	210	3	6	15
	950	130	145	167	3	10	22
	1000	80	110	132	3	22	37
	1050	40	85	105	13	40	60
Vaal Reefs (*$136)	120	18	23½	27½	1	3	8
	130	8½	19	22	1½	7½	11½
	140	2½	15½	18	6	11½	17
	150	1	9½	14	15½	18½	22
Tr. 11¾% 1991 (*£110)	106	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	108	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	110	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	112	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tr. 11¾% 03/07 (*£124)	120	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	122	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	124	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	126	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

May 15. Total Contracts 54,298. Calls 38,137. Puts 16,161. FT-SE Index Calls [illegible]. Puts [illegible].
*Underlying security price.

NEW HIGHS AND LOWS FOR 1987

NEW HIGHS (320)

BRITISH FUNDS (2), CANADIANS (1), BANKS (7), BREWERS (5), BUILDINGS (22), CHEMICALS (7), STORES (16), ELECTRICALS (23), ENGINEERING (19), FOODS (20), HOTELS (4), INDUSTRIALS (52), INSURANCE (4), LEISURE (11), MOTORS (7), NEWSPAPERS (2), PAPER (9), PROPERTY (28), SHIPPING (2), SOUTH AFRICANS (1), TEXTILES (9), TRUSTS (47), OILS (10), OVERSEAS TRADERS (1), PLANTATIONS (1), MINES (8), THIRD MARKET (2).

NEW LOWS (19)

AMERICANS (7) Ahmanson (H. F.), CityFed Finance Corporation, Com. Illinois Holdings, Cullinet Softwear, Insilco, Lockheed Corporation, Staley Continental. CANADIANS (2) Canadian Imperial BankRoyal Bank Canada. BANKS (3) Algemene, Deutsche Bank, Cie Bancaire. CHEMICALS (1) Snia BPD. ENGINEERING (1) Porter Chadburn. INDUSTRIALS (1) Brierly Investments. INSURANCES (3) Alexander and Alexander, Aon Corporation, USLIFE. TRUSTS (1) Japan Asset Warrants.

LONDON STOCK EXCHANGE

DEALINGS

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated denominations are 25p and prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealing prices.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

‡ Bargains at special prices. ◆ Bargains done the previous day. ∆ Bargains done with non-member or executed in overseas markets.

Corporation and County Stocks
No. of bargains included8

London County2½% Cons Stk 1920(or after) – £24 (8My87)
Greater London Council6½% Stk 90/92 – £93¾ 4 5
Birmingham Corp3% (1902) 1982(or after) – £25 (13My87)
Birmingham District Council11½% Red Stk 2012 – £118
Hull Corp3½% Stk(1st Iss) – £25
3½% Stk(2nd Iss) – £25 (12My87)
Newcastle-Upon-Tyne(City of)11¼% Red Stk 2017 – £118 (11My87)
Salford Corp5¾% Red Stk 86/88 – £96 6¾ (12My87)
Southwark Corp12¾% Red Stk 1987 – £[illegible] (8My87)

UK Public Boards
No. of bargains included2

Agricultural Mortgage Corp PLC5¾% Deb Stk 93/95 – £77 (13My87)
6% Deb Stk 82/87 – £97 (12My87)
6¼% Deb Stk 92/94 – £84½ (13My87)
6½% Deb Stk 85/90 – £93¼ ⅜
7⅜% Deb Stk 91/93 – £81⅝ 3⅞ ⅞ (13My87)
9¾% Deb Stk 85/87 – £99⅞ (11My87)
10¼% Deb Stk 92/95 – £101½ (13My87)
Clyde Port Authority3% Ird Stk – £25 (12My87)
4% Ird Stk – £32 (11My87)
Port of London Authority6½% Reg Stk 87/90 – £87⅞ (12My87)
Scottish Agric Sec Corp10¾% Deb Stk 89/91 – £101½ (13My87)

Foreign Stocks, Bonds, etc–(coupons payable in London)
No. of bargains included14

China(Republic of)5% Reorg Gold Ln 1913(French)Drawn Bds – £20 (8My87)
5% Reorg Gold Ln 1913(Germ)Drawn Bds – £20 (8My87)
Hungary,(Republic of)7½% Stlg Bds(Assd Lon 1968 Setts) – £80 (8My87)
Iceland(Government of)6¾% Stlg Stk 83/88(Fee 12½p)Br – £96 (11My87)
Montenegro5% Government Ln 1909(Assd) – £57 (13My87)
Rio De Janeiro(State of)Brazil5½% Cnv(Stlg Ln Bds)(A–now 1¾%) – £75 (12My87)
American Medical Int Inc11¾% Nts 1995(Br £5000) – £90◆
ASDA-MFI Group PLC9¾% Bds 2002 – £96¾ (11My87)
4¾% Cnv Bds 2002(Br£1000&5000) – £111½
Petroleos Mexicanos14½% Ln Stk 2006 – £78¾‡
Portugal(Rep of)9% Ln Stk 2016(Reg) – £89 90 ½ ⅞
Province de Quebec12¾% Ln Stk 2020 – £124¾
Spain(Kingdom of)11½% Ln Stk 2010(Reg) – £117⅜ ⅝ ⅞ (13My87)
9¾% Ln Stk 2014(Reg) – £102
13.5% Ln Stk 2010(Reg) – £135⅞
Trinidad & Tobago(Republic of)12¾% Ln Stk 2009(Reg) – £101¼ (12My87)
United Mexican States16½% Ln Stk 2008(Reg) – £104¾‡ 5⅜

Banks and Discount Companies
No. of bargains included4454

Bank of Ireland(Governor & Co of)7% Ln Stk 86/91 – £86 (13My87)
Barclays Bank PLC7½% Uns Cap Ln Stk 86/91 – £94½ (13My87)
8¼% Uns Cap Ln Stk 88/93 – £96⅞ ⅛ 7 ⅛ ½ ⅝
12% Uns Cap Ln Stk 2010 – £124⅝ ⅞
16% Uns Cap Ln Stk 2002/07 – £146⅞ (13My87)
Barings PLC5¾% Cum 1st Prf £1 – 78½ 80½‡
7¾% Cum 1st Prf £1 – 86 (13My87)
Commerzbank Ag Cdr(plas Warburg) DM10 – £18 (8My87)
Guinness Peat Group PLC4.2% Cum Prf £1 – 52 (12My87)
Hambros PLCNon Vtg £1 – 50 (12My87)
Hill Samuel Group PLC8% Uns Ln Stk 89/94 – £93
Mercury International Group PLC7¾% Cum Prf £1 – 100½
Midland Bank PLC7¾% Subord Uns Ln Stk 83/93 – £89
10¾% Subord Uns Ln Stk 93/98 – £102⅞ 3
14% Subord Uns Ln Stk 2002/07 – £139⅞ ⅛ (12My87)
National Westminster Bank PLC7% Cum Prf £1 – 68½
9% Subord Uns Ln Stk 1993 – £101⅞ 2
12½% Subord Uns Ln Stk 2004 – £121⅞ ⅞
Rea Brothers Group PLC8.6% Cum Cnv Prf £1 – 120 2 (8My87)
Standard Chartered PLC12⅞% Subord Uns Ln Stk 2002/07 – £122⅝ ⅝ ⅞

Breweries and Distilleries
No. of bargains included880

Allied-Lyons PLC5½% Cum Prf £1 – 80 1
7¼% Cum Prf £1 – 65 9½ 70
9% Red Deb Stk 85/90 – £74 82
6¼% Red Deb Stk 84/89 – £82⅞ (12My87)
6¼% Red Deb Stk 87/92 – £89 (12My87)

[illegible]

Sterling Issues by Overseas Borrowers

[illegible]

Commercial, Industrial, etc

[illegible]

Investment Trusts

[illegible]

Financial Trusts, Land, etc

[illegible]

Insurance

[illegible]

Unit Trusts

[illegible]

Mines – Miscellaneous

[illegible]

Mines – South African

[illegible]

Oil

[illegible]

Property

[illegible]

Plantations

[illegible]

Railways

[illegible]

Shipping

[illegible]

Utilities

[illegible]

Water Works

[illegible]

Continued on page 18

WORLD MARKETS

FT-ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS — Figures in parentheses show number of stocks per grouping	THURSDAY MAY 14 1987 US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	WEDNESDAY MAY 13 1987 US Dollar Index	Pound Sterling Index	Local Currency Index	DOLLAR INDEX 1987 High	1987 Low	Year ago (approx)
Australia (94)	138.58	+0.1	122.43	129.32	2.74	138.51	122.86	129.30	138.61	99.92	89.85
Austria (16)	89.69	−0.1	79.24	83.23	2.25	89.81	79.66	83.66	101.62	89.69	89.86
Belgium (47)	122.33	+1.0	108.08	112.38	4.22	121.07	107.39	111.51	122.35	96.19	81.66
Canada (131)	131.09	+0.1	115.82	127.06	2.35	130.96	116.17	126.98	136.17	100.00	99.73
Denmark (39)	117.99	+0.5	104.24	107.88	2.46	117.35	104.09	107.69	124.10	98.18	100.81
France (122)	119.51	−0.5	105.58	111.78	2.49	120.05	106.49	112.43	121.82	98.39	95.57
West Germany (90)	94.02	−0.3	83.06	87.35	2.13	94.35	83.69	87.80	100.33	84.00	84.59
Hong Kong (45)	108.42	+0.4	95.79	108.63	3.03	107.95	95.76	108.16	114.71	96.89	71.77
Ireland (14)	131.65	+1.4	116.31	123.92	3.43	129.83	115.16	122.43	131.65	99.50	90.25
Italy (76)	104.61	+0.0	92.42	101.02	1.63	104.59	92.77	101.11	112.11	94.76	100.71
Japan (458)	159.53	+0.8	140.94	140.67	0.47	158.33	140.44	139.82	161.28	100.00	75.66
Malaysia (36)	161.37	+2.4	142.57	153.46	2.47	157.59	139.79	150.04	161.37	98.24	69.41
Mexico (14)	166.45	+2.5	147.06	222.58	0.99	162.35	144.01	216.55	197.27	99.72	50.03
Netherland (38)	119.38	+1.3	105.47	109.71	4.04	117.79	104.49	108.41	119.38	99.65	85.34
New Zealand (27)	93.27	−0.6	82.40	85.76	3.15	93.84	83.24	86.40	100.59	83.93	65.45
Norway (24)	133.54	+0.7	117.98	120.53	2.08	132.64	117.65	120.22	139.79	100.00	92.76
Singapore (27)	134.62	+1.8	118.93	131.57	1.79	132.28	117.34	129.42	134.62	99.29	60.27
South Africa (61)	173.94	+1.3	153.67	122.66	3.25	171.72	152.32	121.10	186.74	100.00	92.63
Spain (43)	111.51	+2.9	98.52	105.73	3.85	108.36	96.12	103.10	121.31	100.00	92.18
Sweden (33)	117.84	−0.4	104.11	108.99	2.11	118.37	105.00	109.87	124.68	90.85	91.25
Switzerland (51)	100.00	−0.3	88.35	91.07	1.88	100.35	89.01	91.51	104.06	93.26	84.30
United Kingdom (339)	145.98	+1.1	128.96	128.96	3.21	144.41	128.10	128.10	145.98	99.65	97.64
USA (596)	120.32	+0.0	106.30	120.32	3.00	120.33	106.74	120.33	124.06	100.00	98.39
Europe (932)	121.61	+0.6	107.44	110.71	2.84	120.90	107.25	110.37	121.61	99.78	92.68
Pacific Basin (687)	156.83	+0.7	138.56	139.06	0.61	155.70	138.11	138.25	158.30	100.00	75.93
Euro—Pacific (1619)	142.78	+0.7	126.15	127.76	1.37	141.82	125.80	127.13	143.22	100.00	82.54
North America (727)	120.89	+0.3	106.80	120.70	2.97	120.89	107.24	120.71	124.60	100.00	98.46
World Ex. US (1825)	142.72	+0.7	126.09	130.20	1.42	141.77	125.76	130.07	143.09	100.00	83.22
World Ex. UK (2082)	132.79	+0.4	117.31	124.79	1.84	132.31	117.36	124.45	133.33	100.00	88.36
World Ex. So. Af. (2360)	133.70	+0.4	118.12	125.16	1.97	133.14	118.10	124.78	133.85	100.00	89.12
World Ex Japan (1963)	121.81	+0.2	107.62	117.41	2.92	121.53	107.80	117.26	121.81	100.00	95.60
The World Index (2421)	133.96	+0.4	118.35	125.17	1.98	133.39	118.32	124.78	134.11	100.00	89.14

Base values: Dec 31, 1986 = 100

Latest prices unavailable for this edition.

Amendments to indices for May 13 applied to the following: Australia, Pacific Basin, Euro-Pacific, World-Ex US, World-Ex UK, World-Ex South Africa, World-Ex Japan and the World Index.

EUROPEAN OPTIONS EXCHANGE

Series		May 87 Vol.	May 87 Last	Aug 87 Vol.	Aug 87 Last	Nov 87 Vol.	Nov 87 Last	Stock
GOLD C	$390	122	77	—	—	—	—	$471
GOLD C	$400	43	65	11	75	20	83	"
GOLD C	$420	770	45.70	38	58	18	68	"
GOLD C	$440	766	25	97	45	18	52	"
GOLD C	$460	1186	6.40	135	31.50	52	41.50	"
GOLD C	$480	2087	0.20	247	22.50	144	34.50	"
GOLD C	$500	—	—	81	15	—	—	"
GOLD C	$520	—	—	102	9	64	19.50	"
GOLD P	$440	—	—	36	6.10	26	10	"
GOLD P	$460	225	0.50	21	12	—	—	"
		Jun 87		Sep 87		Dec 87		
SILVER C	$900	19	858	—	—	60	1608	$921
£/Fl C	Fl.330	325	7.50A	—	—	—	—	Fl.337.47
£/Fl C	Fl.335	379	4.20A	—	—	—	—	"
£/Fl C	Fl.340	—	—	326	3.50	—	—	"
£/Fl P	Fl.335	500	2.50	—	—	—	—	"
		May 87		Jun 87		Jul 87		
$/Fl C	Fl.195	—	—	115	5.50	—	—	Fl.200.40
$/Fl C	Fl.200	327	0.80	561	2.70A	—	—	"
$/Fl C	Fl.205	—	—	27	1	—	—	"
$/Fl C	Fl.210	—	—	24	0.20	—	—	"
$/Fl C	Fl.215	—	—	100	0.30	—	—	"
$/Fl C	Fl.220	—	—	45	0.30	—	—	"
$/Fl P	Fl.200	764	0.05	92	2.70	80	4.10	"
$/Fl P	Fl.205	845	3.50	127	5.80	—	—	"
$/Fl P	Fl.210	206	9.50	50	10B	—	—	"
$/Fl P	Fl.215	93	14	25	14.80B	—	—	"
		July 87		Oct 87		Jan 88		
ABN C	Fl.520	88	6.50	10	16	—	—	Fl.485.50
ABN P	Fl.480	69	9.50	1	19	2	23.50	"
AEGON C	Fl.95	84	2.10	73	3.50	71	4.70	Fl.92.50
AEGON P	Fl.95	54	5.50	2	6.50B	50	7	"
AHOLD C	Fl.110	148	1.90	60	3.10A	—	—	Fl.103
AHOLD P	Fl.100	169	2.70	18	3.60	—	—	"
AKZO C	Fl.140	194	2.30	25	5.80B	35	8.50	Fl.133
AKZO P	Fl.130	76	2.80	2	4.50	24	6	"
AMEV C	Fl.60	56	3.30	37	4.50	—	—	Fl.61.80
AMEV P	Fl.60	53	1.90	21	3	45	4	"
AMRO C	Fl.75	20	4.20	5	5.90	40	7.30	Fl.76.70
AMRO P	Fl.75	81	1.70	16	3.30	12	4.30	"
ELSEVIER C	Fl.52	66	1.50	12	3	—	—	Fl.49.90
GIST-BROC C	Fl.45	128	1.80	48	3	5	4.10	Fl.43.80
GIST-BROC P	Fl.45	1	2.60	99	3	—	—	"
HEINEKEN C	Fl.180	43	5	12	7.90	—	—	Fl.175.70
HEINEKEN P	Fl.170	79	2.50	87	4.50	2	5.30	"
HOOGOVENS C	Fl.40	189	2.30	11	4.40	4	6	Fl.41.50
HOOGOVENS P	Fl.35	166	1	12	1.80	10	2.50	"
KLM C	Fl.50	1039	1.10	1841	2.10	359	2.90	Fl.46.20
KLM P	Fl.45	438	1.40	602	3.20	92	3.40	"
NED. LLOYD C	Fl.140	72	6.20	9	7.80	—	—	Fl.144
NED. LLOYD P	Fl.130	35	3	11	5.80	—	—	"
NAT. NED. C	Fl.70	36	3.10	79	4.30	12	6.10	Fl.69.80
NAT. NED. P	Fl.80	4	10.50	4	10.50B	105	11B	"
PHILIPS C	Fl.50	907	1.50	521	3.20	106	4.20	Fl.48.10
PHILIPS P	Fl.50	486	2.90	309	3.60	128	4.30B	"
ROYAL DUTCH C	Fl.260	3312	8.50	770	12.50	180	15.90	Fl.260.50
ROYAL DUTCH P	Fl.260	1810	6.30	511	9.80	24	13.50	"
UNILEVER C	Fl.620	863	12	119	23	28	28.50	Fl.607
UNILEVER P	Fl.580	270	10.50	58	16	20	23	"

TOTAL VOLUME IN CONTRACTS: 65,291

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	9	● Charterhouse Bank	9	● Morgan Grenfell	9
Adam & Company	9	Citibank NA	9	Mat Credit Corp. Ltd.	9
Allied Arab Bk Ltd	9	City Merchants Bank	9	Nat Bk. of Kuwait	9
Allied Dunbar & Co	9	Clydesdale Bank	9	NatWestminster	9
Allied Irish Bank	9	Comm. Bk. N. East	9	Northern Bank Ltd.	9
American Exp. Bk	9	Consolidated Cred.	9	† Norwich Gen. Trust	9
Amro Bank	9	Co-operative Bank	*9	PK Finans. Int'l (UK)	10
Henry Ansbacher	9	Cyprus Popular Bk	9	Provincial Trust Ltd.	11
ANZ Banking Group	9	Duncan Lawrie	9	R. Raphael & Sons	9
Associates Cap Corp	9	E. T. Trust	11	Roxburghe G'rantee	10½
Authority & Co Ltd	9	Equat'r'l Tst C'p plc	9½	Royal Bk of Scotland	9
Banco de Bilbao	9	Exeter Trust Ltd.	9½	Royal Trust Bank	9
Bank Hapoalim	9	Financial & Gen. Sec.	9	Smith & Williamson Secs.	9
Bank Leumi (UK)	9	First Nat. Fin. Corp.	10½	Standard Chartered	9
Bank Credit & Comm	9	First Nat. Sec. Ltd.	10½	Trustee Savings Bank	9
Bank of Cyprus	9	● Robert Fleming & Co.	9	UDT Mortgage Exp.	¶11.1
Bank of Ireland	9	Robert Fraser & Ptrs.	10	United Bk of Kuwait	9
Bank of India	9	Girobank	9	United Mizrahi Bank	9
Bank of Scotland	9	Grindlays Bank	‡9	Unity Trust PLC	9
Banque Belge Ltd	9	● Guinness Mahon	9	Westpac Bank Corp.	9
Barclays Bank	9	HFC Trust & Savings	9	Whiteaway Laidlaw	9½
Benchmark Tst Ltd	9	● Hambros Bank	9	Yorkshire Bank	9
Beneficial Trust Ltd	10½	Heritable & Gen. Tst.	9		
Berliner Bank AG	9	● Hill Samuel	§9		
Brit Bk of Mid East	9	C. Hoare & Co.	9		
● Brown Shipley	9	Hongkong & Shangh.	9		
Business Mtge Tst	9½	Lloyds Bank	9		
CL Bank Nederland	9	Mase Westpac Ltd.	9		
Canada Permanent	9	Meghraj & Sons Ltd.	9		
Cayzer Ltd	9	Midland Bank	9		

● Members of the Accepting Houses Committee. * 7-day deposits 4%. Sunwise 6.66%. Top Tier—£2,500+ at 3 months' notice 7.97%. At call when £10,000+ remains deposited. ‡ Call deposits £1,000 and over 4½% gross. ¶ Mortgage base rate. § Demand deposit 3.99%. Mortgage 11.25%.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing price	Day's change	Stock	Volume 000's	Closing price	Day's change
ASDA-MFI	4,400	—	—	Jaguar	987	555	+1
Allied Lyons	2,200	431	—	Ladbroke	3,300	398	−4
Amstrad	1,500	207	−½	Land Securities	2,900	477	−2
Assoc. Brit. Foods	1,200	403	+11	Legal & Gen.	1,100	308	+6
Argyll Group	3,800	465	—	Lloyds Bank	3,200	550	+16
BAT	3,800	548	+2	Lonrho	3,300	299	+9
BET	2,100	265	+3	MEPC	1,200	457	−1
BOC	1,100	481	−3	Marks & Spncr	3,600	250½	—
BPB Inds	151	775	−2	Midland Bank	3,100	678	+8
BPCC	959	319	−4	NatWest Bank	4,500	658	+21
BTR	2,300	320	−1	Next	840	345	—
Barclays	3,200	558	+10	Pearson	734	625	+4
Bass	1,400	£10	+⅛	P & O	2,000	659½	+7
Beecham	4,900	520	—	Pilkington Bros	609	858	+2
Blue Circle	495	913	+6	Plessey	3,700	233	−4
Boots	5,000	302½	+1½	Prudential	367	942	+13
Brit. Airways	9,500	167	−3½	Racal	2,300	249	−1
Brit. Aero	2,200	645	+8	Rank Org	654	794	+23
Brit. & Comm.	1,000	439	−1	RHM	542	327	−3
Brit. Gas	19,000	114	−½	Reckitt & Col	2,200	£11⅝	+⅛
Britoil	3,000	274	−4	Redland	1,200	490	+6
BP	14,000	352	−4	Reed Intl.	692	448	−3
Brit. Telecom	5,300	308	—	Reuters	1,600	694	+7
Bunzl	591	249	−1	RMC	577	897	+12
Burton	7,200	313	−6	RTZ	2,100	£10⅛	+⅛
Cable & Wire	6,850	405	+3	Rowntree Mac	568	535	−2
Cadbury Schwps	2,600	254	—	Ryl Bank Scotland	1,400	328	+7
Coats Viyella	185	626	−2	Royal Insurance	2,100	930	+35
Comm. Union	4,700	331	+5	STC	8,800	300	+11½
Cons. Gold	2,000	£10⅛	+⅛	Saatchi & Saatchi	1,000	630	+6
Cookson	525	694	−5	Sainsbury	826	565	−10
Courtaulds	343	437	+2	Sears	9,400	156	−½
Dee Corpn	6,800	244	+6	Sedgwick	1,200	316	−3
Dixons Grp	14,000	394	−9	Shell Trans	7,300	£13½	+¼
English China Clays	1,800	456½	−1½	Smith & Nephew	1,400	164½	−½
Fisons	495	709	−5	Standard Chart	2,600	808	−10
Gen. Accident	901	955	+15	Storehouse	1,600	313	+3
Gen. Elect	9,750	234	−3	Sun Alliance	864	848	+6
Glaxo	1,700	£15¼	—	TSB	10,850	90	−1
Globe Investment	555	167½	—	Tarmac	1,300	558	+13
Granada	2,700	355	+5	Tesco	5,400	543	+1
Grand Met	3,300	528	+2	Thorn EMI	1,900	685	−3
GUS "A"	1,000	£13½	+⅛	Trafalgar House	1,600	368	−2
Guardian R.E.	492	924	+4	T'house Forte	2,300	246	—
GKN	2,100	327	+1	Unigate	670	399	−1
Guinness	9,100	345	+5	Unilever	522	£22⅝	+⅜
Hanson Trust	23,000	171	+4½	United Biscuits	1,500	306½	+½
Hawker Sidd	2,100	514	+8	Wellcome	2,600	444	−3
Hillsdown Hlgs	1,700	284	+2	Whitbread "A"	914	367	—
ICI	1,600	£14⅛	+⅛	Woolworth	349	861	−2

LEADERS AND LAGGARDS

Percentage changes since December 31 1986 based on Thursday May 14 1987

Mining Finance	+47.85	Agencies	+30.82
Health and H'sehold Products	+43.58	Stores	+30.48
Gold Mines Index	+41.11	Other Groups	+30.37
Oils and Gas	+40.19	Chemicals	+30.25
Metals and Metal Forming	+39.80	All-Share Index	+30.10
Telephone Networks	+38.40	Food Manufacturing	+29.23
Shipping and Transport	+38.17	Other Industrial Materials	+28.66
Packaging and Paper	+38.10	Contracting, Construction	+27.68
Property	+37.81	Mechanical Engineering	+27.42
Electronics	+36.46	Food Retailing	+27.31
Textiles	+34.36	Brewers and Distillers	+24.78
Overseas Traders	+33.03	Motors	+24.28
500 Share Index	+32.70	Financial Group	+19.72
Publishing and Printing	+32.66	Conglomerates	+18.71
Leisure	+32.59	Insurance (Composite)	+17.77
Building Materials	+32.59	Insurance (Life)	+17.63
Consumer Group	+32.27	Investment Trusts	+16.05
Industrial Group	+31.47	Banks	+12.57
Electricals	+31.28	Merchant Banks	+11.30
Capital Goods	+31.17	Insurance Brokers	+7.95

RISES AND FALLS ON THE WEEK

	Yesterday Rises	Yesterday Falls	Yesterday Same	On the week Rises	On the week Falls	On the week Same
British Funds	2	97	14	172	323	70
Corporations, Dom. and Foreign Bonds	0	22	45	31	94	210
Industrials	638	315	594	3,208	1,767	2,760
Financial and Props.	230	135	227	1,174	602	1,184
Oils	32	25	56	200	115	250
Plantations	6	0	8	22	7	41
Mines	71	22	92	246	269	410
Others	69	95	70	411	371	400
Totals	1,048	711	1,106	5,464	3,548	5,325

Continued from page 15

USM Appendix

No. of bargains included 3880

Biomechanics International PLC Ord 10p – 87 8 9 ½ 30 1 2
8% Cnv Uns Ln Stk 1991 – £120
Bonded Laminates Profiles PLC New Ord 10p (Fp/LA–30/6/87) – 97
Burford Group PLC Ord 25p – 221 2 5 6 7 9 30
Cambridge Isotope Laboratories Inc New Shs of Com Stk $0.01 (Fp/LA–12/6/87) – 85
Cannon Street Investments PLC 7.7% Cnv Cum Red Prf 94/96 – £12¾ (11My87)
Castle Communications PLC Ord 5p – 234
Cobra Emerald Mines Ld Shs of NPV – 85 (8My87)
Colorgraphic PLC Ord 10p – 188 6 7
Continental Microwave (Hldgs) PLC 6.0% Cnv Cum Red Prf 2005 £1 – 110 (8My87)
Crampthorn PLC Ord 50p – 560
Dunton Group PLC 12% Cnv Cum Red Prf(97/2002) £1 – 420 (13My87)
Fergebrook Group PLC 12% Cnv Uns Ln Stk 92/97 – £110 (11My87)
Filofax PLC New Ord 5p(Fp/LA–29/6/87) – 178 80 2 3 5 5
Forward Group PLC Ord 5p – 135 (12My87)
Gibbs Mew PLC Ord 25p – 215 (12My87)
Goodhead Print Group PLC 7% Cnv Cum Red Prf £1 – 157 (12My87)
Gould(Laurence) & Co PLC Ord 25p – 185
Heavitree Brewery PLC Ord 25p – 495 (8My87)
Honeysuckle Group PLC Ord 2p – 138
Hornby Group PLC Ord 5p – 114 5 7 8 8
Johnson Fry PLC Ord 10p – 248 50 2 8
March Group PLC New Ord 5p(Fp/LA–29/5/87) – 122 2
Orchid Technology Shs of Com Stk npv – 120ϕ
Parkfield Group PLC 7% Cum Cnv Red Prf £1 – 315 (12My87)
Pavion International PLC 3.85% Cum Prf Stk £1 – 43 (13My87)
Perkins(John)Meats PLC Ord 10p – 49ϕ
RKF Group PLC New Ord 10p (Fp/LA–3/6/87) – 88 7 9 90
Reliance Security Group PLC Ord 5p – 178ϕ
Scanro Hldgs PLC 7.75% Cnv Cum Red Prf £1 – 103 (12My87)
Select Appointments (Hldgs) PLC Ord 5p – 226 6 7 7 30 2
Sigmex International PLC Ord 10p – 63 4 5
Technology for Business PLC 7% Cum Cnv Red Prf £1 – 134ϕ
UCL Group PLC New Ord 5p (Fp/LA–3/6/87) – 157 (12My87)
Wyevale Garden Centres PLC Ord 50p – 214 7 8 22

The Third Market Appendix

No. of bargains included 107

Ardmore Petroleum PLC "A" Ord Ir£0.25 – Ir£0.155 p 14 5

SPECIAL LIST

RULE 534 (4) (a)

Bargain marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List

ACI Intnl 100ϕ (8/5)
AOG Minerals 27ϕ
Acmex Hldgs A$6.68
Acorn Securities 80ϕ 1ϕ 2ϕ 3ϕ 6ϕ 7ϕ 8ϕ A$1.81ϕ 90 3 5 5 6 7 8 9 100 2½ 3 4 5 6 7 8 10 11 12 15
Alkane Expl 17ϕ
Allstate Expl A$1.6 1.65 1.7 (13/5)
Amber Gold A$0.54
American Barrick Res Corp Cm NPV C$52¼ϕ £23⅛ (13/5)
Ampol Expl 239ϕ (13/5)
Amsterdam-Rotterdam Bank Fl 76.55ϕ Fl 76½
Anglo-Alpha R16.12
Aust Devpt 255, 60 (8/5)
Aust Foundation Inv 59ϕ (12/5)
Aust Oil & Gas 116 (13/5)
Beverly Enterprises $14¼ϕ
Black Hill Minerals 16
CSF (Thomson-CSF) FFr 1,555 1,565 1,580 (13/5)
Canadian Lencourt Mines 20ϕ
Central Norseman Gold A$2.80ϕ
Central Victorian Gold Mines 15ϕ 14
Circle K Corp $13.31ϕ ½ϕ (13/5)
Conex Aust 5½ (13/5)
Coopervision Inc Com $15½ϕ (11/5)
Dennison Manufacturing £19.7 (13/5)
Development Bank of Singapore S$14.1
Devex A$1⅞ 1.8 (8/5)
Du Pont (E. I.) De Nemours $11 9½ϕ
East Coast Mins A$0.375 (8/5)
Emu Hill Gold Mines 13ϕ (13/5)
Energy Oil & Gas A$0.352ϕ
Eurounion £55ϕ (11/5)
Fraser & Neave $5.99
General Gold Res A$0.317 (13/5)
Geometals 30ϕ (11/5)
Golconda Minerals 68 (13/5)
Golbelt Mines C$3.4 3.45 3.53 (13/5)
Golden Valley Mines $0.991
Grants Patch Mining 31ϕ (8/5)
Greenbushes Tin 55 A$1.342
Groupe Bruxelles Lambert BF3745 (13/5)
Hang Lung Development HK$13.4 (11/5)
Harland (John H.) Co. £14⅛ϕ (11/5)
Hexcel Cpn $47ϕ ¼ϕ
Hill 50 Gold Mines 70ϕ 3ϕ 72
HK-TVB 100
Holiday Cpn £11½ϕ (11/5)
Horizon Pacific 29 (13/5)
Hunter Resources 73ϕ
Invincible Gold NL Ord A$0.30 (A$0.20) 37ϕ 40ϕ ½ϕ 1ϕ (11/5)
Jones (David) 447ϕ (11/5)
Jones Mining (A$0.20) 31 (13/5)
Kalgoorlie Resources $0.255ϕ (11/5)
Keystone International $18½ϕ (13/5)
Kulim Malaysia Ord 37 (12/5)
Little River Gold Mines 145ϕ
Malaysian Airline System $$5.399 M$6.15 6.2 6¼ 6.35
Marks and Spencer Canada $4.26
Matsushita Electric Industrial Y1620ϕ $11.96 Y1670, 5,1677.09 1681.07, 1975
McCarthy Group 140 R8.8 (12/5)
Mid-East Minerals 52 (13/5)
Mount Carrington Mines 350ϕ 354 (13/5)
Mount Martin Gold Mines 52ϕ 52 (13/5)
Murphy Oil Cpn £21¼ (11/5)
NZ Forest Products NZ$3.52
National Electronics (Consolidated) 6¼ϕ 5½
Nationale-Nederlanden CVA (Fl 2.5) £20.95 Fl 69.6 69.65 70 70.1 70.6
New Zealand Goldfields NZ$5.2ϕ (13/5)
Niagara Share Cpn £10.02
North Flinders Mines £11½ϕ (11/5)
Oil Search 57ϕ 8ϕ 54 5 7 8
Olimet Resources 50ϕ (12/5)
Overseas Chinese Banking Cpn S$9.05 (8/5)
Pan Australian Mining 195ϕ 198 (13/5)
Pan Pacific Pet 8½ϕ 9ϕ 8½ 9
PanCanadian Petroleum £15 (13/5)
Pargesa Hldgs SA SF2100 (13/5)
Petroleum Secs Aust 160
Pioneer Electronic Corp Y1879.6 (13/5)
Playmates Hldgs $0.2ϕ (12/5)
Poseidon 225
Pretoria Portland Cmt 260ϕ (13/5)
Range Resources 34½ A$0.792
Rorer Grp £48.13
Royex Gold Mng Corp C$5¾ϕ
Selangor Coconuts 50ϕ (13/5)
Service Corp Int £15.04 (11/5)
Snap-On Tools Corp £22½ϕ $37½ϕ (13/5)
Societe Nat Elf Aquitaine FFr391⅛ϕ 3ϕ 5ϕ 7ϕ 397.794, 397, 9 (12/5)
Sonora Gold Corp 480
Source Perrier FFr 767 (8/5)
Southern Union Co $48⅛ϕ (11/5)
Southland Corp $48⅜ϕ (8/5)
Stirling Petroleum 3¼ϕ (12/5)
Target Petroleum Ord (A$0.327) (12/5)
Target Petroleum (A$0.15) 15 (12/5)
Terrex Resources 10½ (11/5)
Utd Overseas Land 50ϕ 6ϕ (13/5)
Valiant Consolidated 24ϕ
Vulton (Louis) FFr 1160, 1175
Vultan Minerals 27 (11/5)
Wattle Gully Gold Mines A$0.328ϕ (8/5)
Westralian Sands 137 (13/5)
Wong Industrials Hldgs HK$2.107

RULE 535 (2)

Applications granted for specific bargains in securities not listed on any exchange

Airship Ind (12½p) 41 2 3 4
All England Lawn Tennis Gnd £500 Dbs 1986-90 £25,000 (12/5)
Amal Metal Corpn (£1) 200 15 (13/5)
Ann Street Brewery (£1) 725
Appleton (10p) 17½ (11/5)
Barbican (1p) 4 ¾ 5
Bolton House (5p) 73 4 6
Celltech (£1) 390 5
Channel Hotels (10p) 78 85 (12/5)
Cresta (10p) 92 5 7 (13/5)
Dart Valley Light Rlwy (£1) 175 80 (13/5)
Dawson (Wm) (10p) 570 80 90
Explaura (5p) 41
Fredericks Place (20p) 73 (12/5)
Guildehouse (1p) 42 (12/5). Warrants 31/12/89 18 (12/5)
Jennings Bros 185 90 (13/5)
Kunick Leisure (10p) 35 8
London Wall (£1) 245 7
Merrett (10p) 408 12 (13/5)
Norton Villiers Triumph (1p) 5 ½ 6
Oodles (10p) 20 (13/5)
Portsmouth Water 4pcPerpDb £24pc (12/5)
Red Rose Radio (10p) 90 (8/5). A NV (10p) 80 1
Southern Newspapers (£1) 285 90 300 (12/5)
Thwaites (Daniel) (£1) 675 85 (8/5)
UTC Trading (5p) 498 60 (13/5)
Weetabix A NV 257½

RULE 535 (3)

Dealings for approved companies engaged solely in mineral exploration

Andaman Resources (10p) 83
Kenmare Oil Explo (IR£0.25) 32 ½ 3

(By permission of The Stock Exchange)

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

MGM Unit Managers Ltd
MGM House, Heene Rd, Worthing 01-623 8211

High Inc	302.1	321.9	+1.9	4.55
(Accum Units)	373.5	397.9	+1.8	4.55
UK Growth	379.4	403.6	+4.9	2.08
(Accum Units)	405.0	428.7	+5.2	2.08

MLA Unit Trust Management
1 Sessions Hse Sq, Maidstone ME14 1XX 0622 674751

MLA Gen. Tst	44.6	47.2	+0.5	1.58
MLA Income Trust	58.7	62.2	+0.4	3.41
MLA Intl	63.4	67.1	+0.1	0.78
MLA Gilt Unit Tst	26.1	25.8	—	9.7
MLA European Trust	33.9	35.9	−0.2	0.69
MLA American Tst	27.4	29.0	−0.1	0.86
MLA Emerging Mkts Tst	24.1	25.5	+0.1	0.69

ManuLife Management Ltd
St George's Way, Stevenage 0438 356101

Gilt&Fxd Int	123.6	128.0	—	6.83
Growth Units	108.9	114.8	—	2.37
High Income Unit	150.3	159.7	—	3.70
High Yielding Gilt Uts	61.9	64.1	—	8.43
Intl Growth Unit Tst	159.0	169.0	—	0.18
UK Smaller Cos	121.5	129.1	—	1.44
North American	80.5	85.6	—	0.95
Far East	143.4	152.4	—	0.02
European	—	—	—	—

Mayflower Management Co Ltd
No. 1 London Bridge, London, SE1 9QU 01-378 7000

Income May 18	329.0	350.0	+17.0	3.19
General May 5	259.1	275.7	+14.2	1.77
International May 5	153.3	158.9	+2.8	0.66
Global Inc Fd May 5	48.5	51.6	+0.5	5.15

Medical Investments Limited
4 Sandys Row, London E1 7HW. 01-247 1167/8/9

Health Fund	49.1	51.7	—	—

Mencap Unit Trust Mngrs Ltd (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7 01-534 5544

Mencap	182.0	192.5xd	+1.9	3.78

Mercury Fund Managers Ltd (c)

Perpetual Unit Trust Mngmt. (a)
48 Hart Street, Henley-on-Thames 0491 576868

International Growth	312.2	333.1	—	0.96
Income	243.9	259.8	—	3.45
Worldwide Recovery	170.3	181.8	—	1.62
American Growth	73.1	78.1	—	0.88
Intl. Emerging Cos	94.5	100.9	—	0.48
Far East Growth Fd	106.2	113.4	—	0.68
European Growth Fd	64.0	68.6	—	1.04

Prolific Unit Trust Managers Limited.
222 Bishopsgate, London EC2 01-247 7544

Prolific American Inc	57.3	61.0	−0.5	3.83
Prolific C'vert & Gilt	124.2	132.2xd	+0.3	4.37
Prolific Euro Gth&Inc	51.7	65.3	+0.2	2.45
Prolific Extra Inc	126.3	134.4	+1.8	3.41
Prolific Far East	215.8	230.9	+2.0	—
Prolific High Inc	85.9	90.9xd	+0.4	5.17
Prolific Intl	149.6	159.2	+0.5	0.30
Prolific N. Amer.	128.8	137.0xd	−0.8	—
Prolific Spec. Sits	105.9	112.7	+0.9	0.66
Prolific Technology	147.3	157.4	+0.1	—

Providence Capital Fd. Mgrs. Ltd
30 Uxbridge Road, London W12 8PG 01-749 9111

Japan Inc	100.8	107.3	−0.3	—
Japan Acc	101.1	107.6	−0.2	—
Worldwide Inc	78.6	83.5	—	1.07
Worldwide Acc	80.0	84.7	—	1.07
European Tst Inc	93.1	99.1xd	−0.1	0.34
European Tst Acc	93.7	99.7	−0.1	0.34
North American Inc	62.6	66.1	−0.1	1.31
North American Acc	63.5	67.8	—	1.31
UK Equity Inc	86.5	91.6	+0.6	1.80
UK Equity Acc	90.4	95.7	+0.6	1.80
UK High Inc Eqty Inc	64.4	68.2	+0.3	4.48
UK High Inc Eqty Acc	65.6	69.5	+0.5	4.48
Hong Kong Trust	46.9	49.7	—	0.35
Swiss Equities Trust	45.7	48.4	+0.2	1.80

Provident Mutual Unit Trust Managers Ltd.
25-31 Moorgate, London, EC2R 6BA. 01-588 3965

PM Equity Growth	106.1	112.9	+0.7	0.65
PM Income and Growth	94.8	100.9	+0.7	3.16
PM N American Growth	51.1	54.3xd	−0.3	0.37
PM European Growth	46.8	49.7xd	—	0.65
PM Japan Growth	70.6	75.1xd	+0.5	0.35

INSURANCES

Contd. on next Page

FT UNIT TRUST INFORMATION SERVICE

M & G Group—Contd.

Managed (Acc)	429.6	451.2	-2.3	—
PPP Fund (Cap)	322.5	336.4	+1.3	—
PPP Fund (Acc)	438.1	460.2	+1.2	—
Pacific (Cap)	260.6	273.7	-0.1	—
Pacific (Acc)	363.7	382.4	-0.2	—
Property (Cap)	132.2	136.9	....	—
Property (Acc)	184.5	193.8		—
Recovery (Cap)	209.2	219.7	+1.1	—
Recovery (Acc)	[illegible]	326.7	+1.7	—
UK Income (Cap)	117.3	123.5	+0.4	—
UK Income (Acc)	164.5	173.0	+2.6	—
Personal Pension (Acc)	—	1752.4		

MGM Assurance

MGM House, Heene Rd, Worthing 0903 204631

UK Equity	230.6	242.9	+1.8	—
Do. Accum	258.4	272.1	+2.0	—
Special Situations	208.1	219.1	+1.6	—
Do. Accum	233.0	245.3	+2.3	—
North American	176.3	185.6	-0.7	—
Do. Accum	197.3	[illegible]	-0.8	—
Pacific Basin	323.9	341.0	+1.5	—
Do. Accum	362.6	381.7	+1.6	—
Fixed Interest	218.2	229.7	+0.3	—
Do. Accum	244.5	257.4	+0.4	—
Property	117.5	123.7		—
Do. Accum	131.7	138.7	+0.1	—
Deposit	112.4	118.4		—
Do. Accum	125.9	132.5		—
Managed	213.7	225.0	+0.9	—
Do. Accum	240.4	253.1	+1.0	—
Bonus Gwth Fd Acc	95.1	100.1		—
Pension Funds				
Pension, Equity	251.5	264.8	+2.6	—
Do. Accum	309.6	[illegible]	+3.2	—
Pens. Spec. Sits.	232.0	244.3	+2.3	—
Do. Accum	281.1	295.9	+2.9	—
Pens. North American	185.7	195.5	-1.0	—
Do. Accum	225.1	237.0	-1.2	—
Pens. Pacific Basin	357.6	376.5	+2.3	—
Do. Accum	433.4	456.3	+2.8	—
Pens. Fixed Int.	[illegible]	[illegible]	+0.3	—
Do. Accum	278.0	292.7	+0.4	—
Pens. Property	116.7	[illegible]		—
Do. Accum	143.8	151.4	+0.1	—
Pens. Deposit	119.9	126.3		—
Do. Accum	145.2	152.9		—
Pens. Managed	235.1	247.5	+1.3	—
Do. Accum	284.1	299.1	+1.4	—

Manufacturers Life Insurance Co (UK)

[illegible]

National Mutual of Australasia

Serpentine Rd, Poole, Dorset 0202 680666

Fixed Interest	136.34	143.51	+0.45
Guaranteed Deposit	118.38	124.60	+0.18
Managed	153.44	161.51	+2.59
Property	138.75	146.05	+1.73
UK Equities	189.56	199.53	+4.59
Pens Fixed Interest	128.01	134.74	+0.41
Pens Gtd Deposit	119.21	125.48	+0.25
Pens International	202.07	212.70	+3.08
Pens Managed	165.27	173.96	+3.56
Pens Property	155.62	163.80	+2.69
Pens UK Equities	169.70	178.63	+5.64
International	185.36	195.11	+2.79
Nth American Fund	151.06	159.00	+1.53
Far East Pacific Fd	179.66	189.11	+4.99
Japan Fund	259.82	273.49	+6.02
European Fund	195.93	206.24	-5.14

National Provident Institution

48 Gracechurch St, London EC3P 3HH 01-623 4200

Managed	301.2	317.1	+0.7
UK Equity	400.0	421.1	+3.3
Overseas Eq.	287.2	302.4	-0.8
American	234.3	246.7	-0.6
Far East	342.7	360.8	+1.6
Property	137.7	145.0	+0.3
Fixed Int	213.8	225.1	-0.7
Indexed Gilt	118.8	125.1	-1.0
Deposit	132.9	139.9	+0.1
Pension Fund Prices			
Man Initial	315.2	331.8	+1.2
Man Acc.	379.6	399.6	+1.5
UK Eq. Initial	402.3	423.5	+3.9
UK Eq.	473.0	497.9	+4.6
Overseas Eq. Initial	356.2	375.0	+0.4
Overseas Eq.	444.5	467.9	+0.6
American Initial	252.7	266.1	-1.1
American	301.7	3917.6	-1.3
Far East Initial	478.6	503.8	+1.1
Far East	569.5	599.5	+1.4
Prop. Initial	131.2	138.2	+0.4
Prop.	156.3	164.6	+0.6
Fixed Int. Initial	192.9	203.1	-0.3
Fixed Int.	229.5	241.6	-0.3
Indexed Gilt Initial	108.2	113.9	-0.9
Indexed Gilt	127.3	134.1	-1.0
Deposit Initial	133.4	140.5	....
Deposit	160.2	168.7	....

NPI Pensions Management Ltd

[illegible]

Provident Life Assoc Ltd

[illegible]

Royal Heritage Life Assur.—Contd.

[illegible]

Skandia Life Assur.—Contd.

[illegible]

Target Life Assurance Co. Ltd.

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

MANAGEMENT SERVICES

[illegible]

حكترامنة الأصل

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100[illegible]	99[illegible]	Treas. 10pc 1987	100[illegible]xd	.....	9.99	8.88
99[illegible]	97[illegible]	Treas 3pc 1987	99[illegible]	.....	3.02	7.46
101[illegible]	100[illegible]	Treas. 12pc 1987	101[illegible]	.....	11.81	8.21
99[illegible]	97[illegible]	Treas 7¼pc 1985-88‡‡	99[illegible]	.....	7.77	8.20
102[illegible]	99[illegible]	Exch 10½pc '88	101[illegible]xd	.....	10.33	8.53
101[illegible]	98[illegible]	Treas 9¼pc Cv '88	101[illegible]xd	.....	9.62	8.44
96[illegible]	93[illegible]	Transport 3pc '78-88	96[illegible]	.....	3.10	5.98
101[illegible]	98[illegible]	Treas. 9½pc '88	101[illegible]	–[illegible]	9.37	8.43
105[illegible]	101[illegible]	Treas 11½pc 1989	104[illegible]	–[illegible]	10.97	8.48
102[illegible]	97[illegible]	Treas 9½pc Cnv 1989	101[illegible]	–[illegible]	9.33	8.45
94[illegible]	89[illegible]	Treas 3pc 1989	94[illegible]xd	.....	3.17	5.93
104[illegible]	99[illegible]	Treas 10½pc 1989	103[illegible]xd	–[illegible]	10.12	8.49
103[illegible]	98[illegible]	Exch 10pc 1989	102[illegible]	–[illegible]	9.72	8.54
105[illegible]	100[illegible]	Exch 11pc 1989	105[illegible]	–[illegible]	10.46	8.51
95[illegible]	89[illegible]	Treas 5pc 1986-89	95[illegible]	.....	5.22	6.95
108[illegible]	100[illegible]	Exch 10¼pcCv '89	106[illegible]xd	–[illegible]	9.65	7.43
111[illegible]	105[illegible]	Treas 13pc 1990‡‡	110[illegible]	–[illegible]	11.76	6.49
106[illegible]	100[illegible]	Exch 11pc 1990‡‡	105[illegible]	–[illegible]	10.40	8.58
110[illegible]	104[illegible]	Exch. 12½pc 1990	109[illegible]	–[illegible]	11.39	8.55
91[illegible]	84[illegible]	Treas. 3pc 1990	91[illegible]xd	–[illegible]	3.27	6.09
100[illegible]	93[illegible]	Treas 8¼pc 1987-90‡‡	99[illegible]xd	–[illegible]	8.26	8.32
105	97[illegible]	Treas. 10pcCv 1990	104[illegible]	–[illegible]	9.59	8.53
89[illegible]	81[illegible]	Exch 2½pc 1990	89[illegible]xd	–[illegible]	2.79	5.86
110[illegible]	103[illegible]	Treas 11¾pc 1991	109[illegible]	–[illegible]	10.72	8.62
95[illegible]	87[illegible]	Funding 5¾pc '87-91‡‡	95[illegible]	–[illegible]	6.03	7.12
89	80[illegible]	Treas. 3pc 1991	88[illegible]xd	–[illegible]	3.37	6.15
110[illegible]	100[illegible]	Treas 10pc Cv '91 ‡‡	108[illegible]	–[illegible]	9.22	7.59
109[illegible]	101[illegible]	Exch. 11pc 1991	108[illegible]	–[illegible]	10.11	8.56
116[illegible]	108[illegible]	Treas 12¾pc 1992‡‡	115[illegible]	–[illegible]	11.04	8.65
106[illegible]	97[illegible]	Treas 10pc 1992	105[illegible]	–[illegible]	9.51	8.64
49½	47[illegible]	Treas. 8pc 1992 ‡‡(50pd)	47[illegible]	–[illegible]	8.15	8.47
108[illegible]	99[illegible]	Treas 10¼pc Cv 1992‡‡	107[illegible]	–[illegible]	9.79	8.67
		Five to Fifteen Years				
115[illegible]	106[illegible]	Exch. 12¼pc '92	114[illegible]	–[illegible]	10.70	8.76

BRITISH FUNDS—Contd

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INT. BANK AND O'SEAS GOVT STERLING ISSUES

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FOREIGN BONDS & RAILS—Contd

AMERICANS

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Money Market Bank Accounts

Money Market Trust Funds

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Continued

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
30⅞	23	Sara Lee $1	24¾xd	+½	$1.00	—	6.6
11⅞	9⅞	Saul (B. F.) $1	9⅝	+⅛	20c	—	1.3
79	62⅝	Southwestern Bell $1	64⅝	–¼	$6.96	—	6.6
17⅝	14⅞	Storey Continental	14⅞	–¼	80c	—	3.5
44⅞	36⅛	Sun Co. Inc. $1	39½xd	–⅛	$3.00	—	4.7
74	57⅛	TRW Inc. $1¼	60⅝xd	–⅛	$3.20	—	3.2
31	25⅜	Tenneco $5	28⅝xd	+⅛	$3.04	—	6.5
187½	149	Do. 10pcLn Stk. 91-5	182½xd		10%	—	5.6
26¾	17⅞	Texaco $6.25	21⅝xd	+⅛	$3.00	—	8.5
57⅛	47⅛	Time Inc. $1	52⅞	–⅛	$1.00	—	1.2
14½	11½	Tracor $0.33	12	–¼	40c	—	2.0
24⅝	19⅞	Transamerica $1	19⅝xd	–⅛	$1.76	—	5.5
11	967p	Transworld Corp $5	968p	–19	20c	—	1.3
42⅛	29⅛	TRINOVA Corp.	41xd	–½	h$1.00	—	1.5
19⅝	15⅞	♥USX $1	19⅛	–⅛	$1.20	—	3.5
18⅛	15⅞	Union Carbide $1	17⅞xd	–¼	$1.50	—	5.1
35⅞	26⅞	Utd. Technologies	28⅛	–⅛	$1.40	—	3.0
38⅝	29½	US West	29⅝	+⅛	$1.28	—	6.8
33⅞	26	♥Woolworth $3½	29	+⅛	$1.32	—	2.8

CANADIANS

1987 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
23p	16p	♥Abbot Energy Corp.	18p	+2	—	—	—
23⅞	10⅛	♥Amer. Barrick Res.	23⅛	+⅛	—	—	—
955p	360	Armeno	95p	–10	—	—	—
19⅞	15	Bk. Montreal ‖	15		$2.00	—	5.8
10½	787p	Bk. Nova Scot. ‖	791p	+4	72c	—	3.9
20⅝	18	BCE ‖	18⅝	+⅛	$2.40	—	5.6
960p	712p	♥Bow Valley ‖	925p	+20	40c	—	1.9
19⅛	12⅞	♥Brascan ‖	16⅞	–⅛	88c	—	2.3
609p	277p	♥Breakwater Res.	451p	–29	—	—	—
11⅝	925p	Can. Imp. Bk. $2	925pxd	–2	$1.08	—	5.1

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

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INDUSTRIALS—Continued

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LONDON SHARE SERVICE

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[illegible]

LEISURE

[illegible]

MOTORS, AIRCRAFT TRADES

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[illegible]

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[illegible]

Components

[illegible]

Garages and Distributors

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TOBACCOS

[illegible]

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OIL AND GAS

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Teas

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MINES

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[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

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Tins

[illegible]

Miscellaneous

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's
140	84	Anglo-Dominion	114	–6	—	—	—
90	21	♥Colby Res Corp	75½	+1½	—	—	—
245	162	Cons. Murch. 10c	245	+5	n060c	4.4	7.6
71	38	♥Ennex Int. Ir10p	70	+6	—	—	—
318	151	Greenwich Res	316	–2	—	—	—
£12¼	963	Hemlo Gold Mines	£12¼	....	—	—	—
355	190	♥Highwood Res	290	+6	—	—	—
£24½	£16¼	Homestake Mining $1	£22½	+¾	Q30c	—	0.5
442	150	♥McFinley Red Lake	390	–15	—	—	—
150	86	♥Musto Explorations	127	+15	—	—	—
100	37½	♥New Sabina Res C$1	87	....	—	—	—
580	200	Northgate C$1	551	–2	—	—	—
237	104	Nor-Quest Resources	167		—	—	—
£10½	698	RTZ	£10¼xd	+¼	23.5	♦	3.0
£221½	£113½	Do. 9½pcLn '95-2000	£221½xd	+8½	Q9½%	15.5	4.4

THIRD MARKET

1987 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
475	180	Aberlicon Group 10p	380xd	+15	3.5	2.7	1.3	40.9
35	28	Aberdeen Am Pet 10p	32	....	—	—	—	—
125	110	Allied Ins. Brokers	123xd	....	L3.5	2.5	4.0	14.3
66	45	Catalyst Comms. 5p	66	+1	—	—	—	—
98	47	Corton Beach 10p	96	+21	0.4	♦	0.6	♦
178	150	Crown Eyeglass 5p	177	....	—	—	—	—
200	102	Edeeping Investment	200	....	—	—	—	—
63	31	Eglinton Oil Ir.5p	35	+3	—	—	—	—
41	17	Do. Warrants	23	....	—	—	—	—
46	17	Publishing Hldgs.5p	42	–1	—	—	—	24.3
58	45½	Theme Holdings	47	....	1.0	♦	2.9	♦
138	111	Unit Group	115	+2	R4.6	2.5	5.5	(8.2)

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 27 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ♥ Not officially UK listed; dealings permitted under Rule 535(4)(a).
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ¶ Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- † Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ‖ No par value.

B.Fr. Belgian Francs. Fr. French Francs. ‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1985-86. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Stock	Price	+ or –
Albany Inv 20p	78xd	....
Craig & Rose £1	£16¼	....
Finlay Pkg. 5p	82xd	+1
Holt (Jos) 25p	935xd	–2
IoM Stm. £1	106	–1
IRISH		
Fund 11¾% 1988	£100½	–⅛
Nat. 9¾% 84/89	£98⅛	–⅛
Fin. 13% 97/02	£120⅜	–4⅛
Arnotts	373xd	....
CPI Hldgs	60	+2
Carrol Inds.	130	....
Dublin Gas	18	....
Hall (R. & H.)	100	....
Heiton Hldgs.	29	+1
Irish Ropes	165	+5
Unidare	395	....

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	16
BAT	47
BOC Grp	42
BSR	12
BTR	30
Babcock	19
Barclays	47
Beecham	48
Blue Circle	62
Boots	25
Bowaters	37
Brit Aerospace	58
Brit. Telecom	20
Burton Ord	23
Cadburys	22
Charter Cons.	30
Comm Union	29
Courtaulds	35
FNFC	20
Gen Accident	80
GEC	18
Glaxo	110
Grand Met	40
GUS 'A'	100
Guardian	85
GKN	30
Hanson Tst.	15
Hawker Sidd	50
ICI	80
Jaguar	52
Ladbroke	40
Legal & Gen	25
Lex Service	35
Lloyds Bank	48
Lucas Inds	55
Marks & Spencer	18
Midland Bk	55
Morgan Grenfell	35
NEI	8
Nat West Bk	55
P & O Dfd	55
Plessey	20
Polly Peck	20
Racal Elect	20
RHM	30
Rank Org Ord	55
Reed Intnl	42
STC	20
Sears	12
TI	55
TSB	8
Tesco	42
Thorn EMI	50
Trust Houses	20
Turner Newall	24
Unilever	150
Vickers	55
Wellcome	50
Property	
Brit Land	17
Land Securities	30
MEPC	32
Peachey	30
Oils	
BOM	3½
Brit Petroleum	60
Burmah Oil	38
Charterhall	4
Premier	4
Shell	75
Tricentrol	11
Ultramar	17
Mines	
Cons Gold	65
Lonrho	24
Rio T Zinc	65

A selection of Options traded is given on the London Stock Exchange Report Page.

FINANCIAL TIMES

Saturday May 16 1987

Kohl urges wider scope for missile talks

BY DAVID MARSH IN BONN AND DAVID BUCHAN IN STAVANGER

CHANCELLOR Helmut Kohl of West Germany yesterday called on the US and the Soviet Union to extend their negotiations on eliminating intermediate nuclear forces to include short-range battlefield weapons up to a range of 500 kilometres.

It was only on that condition that Bonn could accept the Soviet "double zero" proposal for the abolition of longer range INF missiles of 1,000-5,000 km range and of shorter range INF weapons of 500-1,000km rangs.

Chancellor Kohl's surprise statement, designed to bridge deep differences in the Bonn centre-right coalition over the missiles issue, was not the only shift in the Western arms control position yesterday, as Nato leaders intensified efforts to reach a common response to the sweeping proposals of Mr Mikhail Gorbachev, the Soviet leader.

Nato defence ministers meeting in Norway issued a communique setting out their "requirement" for a worldwide ban on all US-Soviet long-range INF missiles. This goes further than the draft treaties recently tabled by both superpowers in Geneva.

Mr Caspar Weinberger, the US Defence Secretary, refused to say whether the US would now change its previous stance, which allowed the Soviet Union to keep 100 medium-range missiles in Asia, and a matching number for the US. But it is evident that he will use the Nato communique to try to persuade his Administration colleagues to do precisely that.

The Soviet Union, with which the US must renegotiate any changes stemming from the current round of internal Western wrangling, yesterday denounced the Nato defence ministers' move.

Tass, the official Soviet news agency, said it departed from US-Soviet understandings reached at last October's Reykjavik summit between Mr Gorbachev and President Ronald Reagan.

Mr Kohl's statement, made at a Bonn press conference, said: "A settlement covering only weapons with ranges between 500 kms and 1,000 kms would leave out precisely those weapons which threaten our country above all. Therefore all weapons between zero and 1,000 kms must be included in an accord."

The dominant conservative parties in the Bonn coalition favour removal of missiles above the 1,000 kms range, while the liberal Free Democratic party, led by Mr Hans-Dietrich Genscher, wants the elimination of weapons down to 500 kms range as well.

The key issue dividing the two sides is concern that West Germany might be left with little or no nuclear protection against Soviet superiority in the shortest range category. The Kohl statement is thus seen as an attempted compromise.

Mr Manfred Woerner, West German defence minister, yesterday left the Nato Nuclear Planning Group meeting in Stavanger, Norway, still in a minority among fellow alliance ministers in calling for a reduction, but not the elimination, of shorter range missiles.

Britain said on Thursday it could accept the removal of all such weapons, but, like the US which has so far declared no formal position on the issue, is waiting for Bonn to make up its collective mind.

The Nuclear Planning Group was vague in its call for "appropriate global constraints on shorter-range missile systems," while also stating the necessity to "maintain and improve" remaining nuclear forces needed to carry out the Nato flexible response strategy.

Ministers discussed the possible need for certain "compensatory" nuclear systems to offset the loss of ground-based missiles in any Geneva accord.

Nato statement, Page 2

Defence remains an explosive issue, Page 4

Tesco acquires Hillards with £228m bid

BY NIKKI TAIT

TESCO, the national supermarket chain, yesterday won control of Hillards, the regional supermarket group, with a vigorously contested bid of £228m. Hillards has 40 outlets, mainly in Yorkshire.

Mr Peter Hartley, Hillards' chairman, immediately hit out at the large institutional shareholders which accepted Tesco's terms. He said he was disgusted with their attitude.

He singled out Prudential Corporation, the insurance group which held around 4 per cent of Hillards' shares. He sad: "Under its investment chief Mr Newmarch, the Pru accepted the offer for reasons of 'commercial logic.' This is another example of the selfish and irresponsible attitude adopted by City financiers."

The Pru refused to comment on the statement, but confirmed that it had assented to the offer. In general, the company—Britain's largest institutional investor—is inclined to support defending managements.

It spelt out its stance in its recent annual report: "a predisposition to support incumbent management in good standing wishing to remain independent, qualified by the view that at some price a bid can be too attractive for us properly to reject it."

By lunchtime, Tesco had amassed acceptances on behalf of 56.6 per cent of Hillards shares. Together with its advisers, County, the supermarket chain itself owned 21.7 per cent and held acceptances from another 34.9 per cent.

Although Tesco argued a persuasive industrial case during the bid, it was opposed by large blocks of shares that were pledged to support Hillards at an early stage.

These comprised family holdings, family trusts, friends of the 101-year-old company and a large number of smaller shareholders in Yorkshire. By the final week, Mr Hartley claimed support from 250 shareholders, speaking for 30.6 per cent.

Tesco said later it believed virtually all the institutional holdings had supported its offer. Mr Ian MacLaurin, chairman of Tesco, added he had spoken to Mr Hartley, and the company would now work with Hillards' management He did not, however, expect Mr Hartley to stay.

Tesco plans to undertake an immediate 24-week refit of the Hillards stores, at a cost of about £3m.

Mr Hartley congratulated Mr MacLaurin "on acquiring the finest independent supermarket company in the country," and also thanked local shareholders and staff for their support.

Tesco shares ended 1p higher at 543p.

Burton chief takes £1.6m share profit

BY NIKKI TAIT

SIR RALPH HALPERN, the flamboyant chairman and chief executive of Burton Group, has cashed in share options for a profit of just over £1.6m.

The retail group, whose outlets include Top Shop, Principles and Debenhams, announced yesterday that Sir Ralph and four other executive directors had exercised share options for a profit of just under £3.5m.

Sir Ralph exercised 545,600 options at 321p. They were granted at 23p six years ago. Sir Ralph, a firm believer in performance - based remuneration, is Britain's highest-paid director, with a salary which topped £1m in 1986.

Burton's joint deputy managing directors, Mr Laurence Cooklin and Mr Paul Plant, have made around £500,000 each from the exercise of options granted in 1983, while finance director, Mr Michael Wood, and another director, Dr Robert Woodman, raised around £400,000 each.

The difference between the grant price and the exercise price reflects the rapid growth in Burton during the past five years. Its pre-tax profits have risen from £24.3m in the year to August 1982 to £148.7m in 1986, with around £185m predicted by analysts for the current year.

However, because all the options were granted before 1984, the five directors must pay income tax at 60 per cent—rather than capital gains tax at 30 per cent—on these proceeds.

Burton said yesterday that all the options granted to the directors back in early 1981, when the shares were 23p, have now been exercised. However, directors still have options over some 10m shares.

The company recently ran into criticism from some shareholders when it tried to introduce a new share option scheme to take over from the existing 1978 scheme, which was close to its limits. The new scheme was eventually approved, but only after Burton agreed to limit the value of options granted to any individual to £2.5m.

Yesterday, the company also announced its new allotments under the two schemes. The executive directors receive options over 2.7m shares—about 800,000 of which go to Sir Ralph — while 700,000 have been issued to divisional directors.

All these latest options will only be exercisable provided Burton meets certain performance criteria. For half the options to be exercised, Burton's real earnings growth must exceed 30 per cent within a five-year period.

For the other half, cumulative earnings per share growth over a similar period, must put it among the top 25 companies in the FT-SE 100 Share Index.

Bond package fillip for Channel Tunnel

BY DAVID LASCELLES, BANKING CORRESPONDENT

THE Channel Tunnel project took another big step forward yesterday with the completion by UK and French banks of a £250m performance bond package.

The bonds, for the contractors which will build the tunnel, are an essential precondition for the £5bn undertaking. They are a requirement for the construction contract and will give shareholders a measure of protection against loss if the builders fail to finish the job.

The bonds' completion is another useful boost for the Anglo-French Eurotunnel consortium, whose momentum has picked up this week with the successful conclusion of several financial deals.

Two equal performance bonds are being put up by syndicates in the UK and France. In Britain, Barclays and National Westminster banks underwrote £123m and syndicated approximately £80m of that out to a group of international banks from the Netherlands, Japan, France, Switzerland and the UK.

The bond will guarantee the performance of Translink, the consortium of five UK construction companies building the British portion of the tunnel.

In France ,a second bond was underwritten by Societe Generale, Banque Nationale de Paris and Credit Lyonnais, syndicated to a group of French banks. They will guarantee Transmanche Construction, the five-member French construction consortium.

The bonds took six months to negotiate, but the terms under which the banks are participating are not being disclosed.

Mr John Clarke, manager of Barclays' corporate division, said the bonding commitment "has mobilised international banking support for a major European construction project."

Yesterday's news capped a good week for the Channel Tunnel consortium. On Tuesday, it concluded an important agreement with the British and French railway systems on the fees they will pay to use the fixed link. On Wednesday, the European Investment Bank agreed to put up a £1bn loan to finance the project.

The Eurotunnel company is now in a stronger position to proceed with its plans to raise equity from investors. In July it will seek £75m from existing investors as a precursor to a much larger £750m equity offering in the autumn. That, in turn, will unlock about £4bn of bank loans which will provide the project with the bulk of its finance.

CHIEF LONDON PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES					
Blenheim Exhibitions	375	+ 65	Phicom	63	+ 14
Croda Intl. Defd.	234	+ 15	Precious Metals Tst.	277	+ 18
Delyn Packaging	545	+ 32	RMC	897	+ 12
Drummond Group	164	+ 12	Reliant Motor	43	+ 9
Dura Mill	182	+ 12	Royal Insurance	930	+ 35
FR Group	405	+ 20	Runciman (W.)	216	+ 10
Ferguson (J.)	108	+ 9	STC	300	+ 11½
Fields (Mrs)	264	+ 17	Shell Transport	£13¾	+ 0½
Ford (Martin)	116	+ 14	Silvermines	140	+ 12
Garfunkels Rests.	279	+ 31	Tate and Lyle	797	+ 12
Helical Bar	£14 1/16	+ 1 5/16	UEI	420	+ 15
Lloyds Bank	550	+ 16	Usher (Walker)	263	+ 13
Lond Atlantic Inv Tst	282	+ 12			
Lowe Howard-Spink	485	+ 24	FALLS		
NatWest Bank	658	+ 21	More O'Ferrall	253	− 10
P-E Intl.	235	+ 19	Polly Peck Intl.	290	− 15

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	F	18	64	Dallas†	F	29	84	Madeira	F	19	66	Prague	F	17	63
Algiers	S	22	72	Dublin	C	11	62	Madrid	F	23	73	Rykjvk	R	5	41
Amsdm	R	10	50	Dbrvnk	R	14	57	Majorca	C	19	66	Rhodes	C	22	72
Athens	F	21	70	Ednbgh	F	10	50	Malaga	S	23	73	Rio J'o†		—	—
Bahrain	S	36	97	Faro	C	19	66	Malta	C	17	63	Rome	F	18	64
Barclna	S	18	64	Florence	F	21	70	M'chstr	C	9	48	Salzbrg	C	17	63
Belfast	C	11	52	Frankft	C	11	52	Melbne	C	15	59	S'cisco†	F	13	55
Belgrd	F	19	66	Geneva	R	9	48	Mx Ct		—	—	Seoul	S	23	73
Berlin	F	14	57	Gibrltr	C	19	66	Miami†	F	25	77	Singapr	F	31	88
Biarritz	R	12	54	Gl'sg'w	C	10	50	Milan	F	17	63	S'tiago†		—	—
Bmghm	C	7	45	G'rnsey	F	9	48	Montrl†	R	10	50	Stockhm	F	9	48
Blackpl	R	10	50	Helsinki	F	11	52	Moscow	S	23	73	Strasbg	C	12	54
B Aires		—	—	H Kong	F	26	79	Munich	F	14	57	Sydney	S	23	73
Bombay	S	34	93	Innsbrk	F	15	59	Nairobi	F	25	77	Tangier	C	20	68
Bordx	F	14	57	Invrnss	C	7	45	Naples	R	17	63	Tel Aviv	S	28	82
Boulgn	C	9	48	IoMan	C	10	50	Nassau		—	—	Tenerife	S	19	66
Bristol	C	11	52	Istanbul	S	21	70	Nwcstl	R	7	45	Tokyo	F	19	66
Brussels	R	9	48	Jersey	C	10	50	N Delhi	S	33	91	T'r'nto†	S	9	48
Budpst	S	16	61	Jo'burg	S	23	73	N York†	C	16	61	Tunis	F	19	66
Cairo	S	32	90	Leeds	F	8	46	Nice	F	17	63	Valencia	F	28	82
Cardiff	F	13	55	L Plms	F	22	72	Nicosia	S	24	75	Venice	S	17	63
Cape T	R	17	63	Lisbon	C	17	63	Oporto	S	17	63	Vienna	F	15	59
Chicg†	S	28	82	Locarno	C	12	54	Oslo	S	12	54	Warsaw	F	14	57
Cologne	R	13	55	London	R	11	52	Paris	F	10	50	Wash'tn	R	17	63
Cpnhgn	R	9	48	L Ang†	C	17	63	Peking	F	26	79	Well'gtn	C	14	57
Corfu	C	20	68	Luxmbg	R	10	50	Perth	S	19	66	Zurich	R	10	50

C—Cloudy. F—Fair. R—Rain. S—Sunny
† Noon GMT temperatures

Election Continued from Page 1

to put us back in the situation where everybody can either stand on their own feet or live on their knees." Mr Kinnock bitterly attacked what he described as Mrs Thatcher's "wonderful, fresh new ideas" of privatising schools, decontrolling rents and making people pay for health care.

Any voters attracted by them, he sad, had to ask themselves why every single one of those ideas had been abandoned at least 50 years ago.

"The system that Margaret Thatcher wants to return to was wrong wretched, squalid and brutal. It was rotten with injustice, misery and division. That is why it was discarded by popular demand and that is why it must never be restored by Prime Ministerial demand."

The election had come just in time for those whose lives and skills were being wasted by unemployment. Even those people who were not badly off now knew Tory Britain had become a more divided, deprived and dangerous place.

Contra aid Continued from Page 1

other countries that share our feeling about democracy . . . (coming) to the aid of these freedom fighters." A reference to payments of around $30m by Saudi Arabia in 1984 and 1985 to the Contras and to other contributions by Far East countries such as Taiwan and China.

President Reagan's insistance that the Congressional ban—known as the Boland Amendment—did not prohibit the Administration's seeking aid from third countries, together with his assertion that he was "directly involved," signals a defence which will rely on the President's enjoying extraordinary powers over the execution of foreign policy.

President Reagan's standing in the polls has fallen as a result of the Iran scandal, but he said the affair had not wounded him mortally.

He said his own polls showed him with a 53 per cent public approval rating, the highest rating for a President in his sixth year in office since Dwight Eisenhower was in the White House at the end of the 1950s.

The hostage ransom is likely to be a source of high controversy in the coming weeks. President Reagan repeatedly insisted that his Administration would not negotiate with terrorists holding hostages, but the ransom/rescue plan involved money not just from the Texas millionaire Mr Ross Perot, but also Drug Enforcement Administration agents and a $50,000 donation from the CIA.

The Administration neither notified Congress under the CIA oversight laws, nor authorised the action under a Presidential "finding."

The use of DEA agents is sentitive because the DEA is the one federal agency not subject to strict oversight. Congress is concerned that the Administration may have used the DEA as a substitute for the CIA.

Consultants Inbucon and P-E plan merger

By Michael Skapinker

TWO OF BRITAIN'S top management consultancies plan to merge in an £8.5m deal unveiled yesterday under which P-E International is to buy Inbucon from Mr Saul Steinberg's Reliance Group.

The enlarged group would have had a combined 1986 fee income of about £35m, exceeded by only two other UK-based management consultants, PA International and the accountants Coopers & Lybrand, P-E said.

P-E was floated on the Stock Exchange in May last year. The deal will be put to its shareholders at an extraordinary general meeting on June 8.

It comes in the wake of increased competition from firms of accountants for management consultancy work. Arthur Andersen, Price Waterhouse and Peat Marwick McLintock, in addition to Coopers & Lybrand, have large management consultancy operations.

Mr Hugh Lang, P-E's chairman, said his group was attracted by Inbucon's experience in public sector work, and particularly by its strength in human resources consultancy services. The latter includes executive recruitment, employee relations and remuneration studies.

Mr Len Brooks, Inbucon's chief executive, welcomed the deal. Relations with the Reliance Group had been good, but Inbucon had formed only a small part of its business and had not been able to grow in the way that it had wanted.

Mr Fred Shriever, president of RCG International, the Reliance Group's consultancy holding company, will be invited to become a non-executive director of the enlarged group, which will later this year trade under the name P-E Inbucon. Mr Brooks will join the P-E board as an executive director.

Under the deal, Reliance will be allotted 4.25m P-E shares, representing 26.1 per cent of its enlarged ordinary share capital. Reliance will retain 350,000 shares and the remaining 3.9m will be offered to P-E shareholders at 200p per share, on the basis of one new share for every 3.08 existing shares held.

P-E shares closed last night at 235p, up 19p.

Details, Page 6

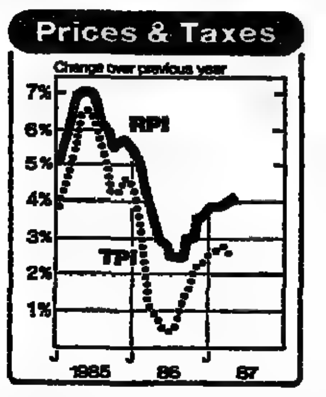
Continued from Page 1

Inflation

Budget decision to cut income tax also added to the upward pressure on prices. Income tax cuts reduce the value to consumers of mortgage interest relief, a key component of the retail prices index.

The May inflation figure, however, will benefit from the recently-announced cuts in mortgage rates. The Chancellor's Budget decision to freeze duties on alcohol, petrol and tobacco will also help to keep down inflation.

Prices & Taxes



Britain's performance relative to other major industrialised countries, however, has continued to worsen. Its inflation rate is now almost twice the level of the average for the Group of Seven leading industrial nations.

The Employment Department said yesterday its retail prices index stood at 101.8 in April (Jan 1987=100) compared with 100.6 in March.

THE LEX COLUMN

An outbreak of imperfection

The arbs, it seems, have left town. Else it is difficult to understand the lack of opportunist buying of Hillards shares, as the company slid slowly into the maw of Tesco. Up to and including Tuesday, the shares never budged above the price being offered in the market by Tesco. Nothing was being built in for the higher price consequent upon a Tesco victory. Even yesterday morning, when it was already clear that Hillards was doomed, the shares opened almost 35p adrift of the Tesco paper offer. It is not as if London has, like Wall Street, witnessed the handcuffing of leading arbitrageurs. There, they are made of tougher stuff: BP had to wrest about $3bn of Standard Oil stock from the arbs only this week.

Yet if the market was unduly surprised by the ease with which Tesco got its hands on 57 per cent of the equity, so too was the chairman of Hillards. Mr Peter Hartley's outburst was in a way understandable: it is heart-breaking to be forced out of the control and management of a 100-year-old well-run family business. Yet the industrial logic of Tesco's bid was impeccable. If the family wanted to avoid being taken over at all costs, then it should never have gone public, and diluted its control, back in 1972.

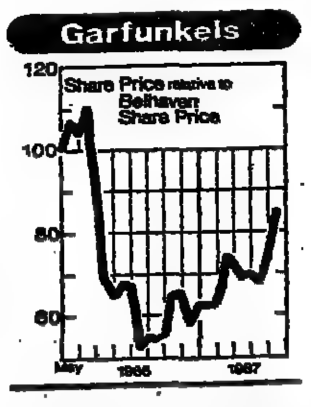
The Pru, and other institutions which accepted Tesco's oer, were acting in the best interests of their policy-holders and of theoir own shareholders. If 1986 wasa year characterised by bids which ought not to have succeded, 1987 should not be a year in which institutional investors, for political reasons, neglect their fiduciary duties.

Equities

Having set its heart on a June election, the equity market was not quite sure what to do when its wish was granted. A Tory victory in the actual poll, as well as the opinion polls, is required too, but at present there is little doubting that it will follow. So apart from rediscounting the discounted, share prices were at something of a loss for reasons to keep on rising. Foreign money waiting in the wings to pile into a market already comfortably supported by domestic cashflow is just the sort of excuse which cannot be gainsaid—at least until after the election.

Index rose 7.4 to 1691.6

Garfunkels



If that money is destined for the UK market it will not be because the outlook for either the economy or company profits is improving. The former is doing fine but can hardly get very much better, while forecasts for the latter are being downgraded with every pfennig or cent rise in the pound. The attraction is more the lack of excisement elsewhere. With West German and Japanese economci growth slowing and the US apparently setting a course for recession—inflation and interest rates rising, industrial production weakening—the UK market ought to outperform the rest. A decoupling of stock markets does not usually last for long, nor of economies. After the election it becomes an uphill task.

Belhaven/Garfunkels

At first sight Belhaven's bid for Garfunkels looks extraordinary—and at the second it is only a little plainer. The surprise is not so much Belhaven's boldness, in that Garfunkels at its bidder's valuation is more than twice that bidder's size. That is only what is expected of Raymond Miquel. But the fact that the said valuation should be quite some way above Garfunkels' market price, even though its imminent take over was so well signposted, suggests that Mr Miquel's optimism has wider bounds than the analysts' when it comes to the continued rapid growth of the restaurant chains. An historic multiple of 31 times and a price, on the share offer, worth 296p at Belhaven's 74p close, more than six times net asset value, could hardly be considered mean.

For their part, Garfunkels' Kaye brothers have not only extracted something for their recommendation, but have yet again obtained a good price for their business. This time Phillip Kaye will continue to run it so long as no personality clashes develop. There may even be somehing to gain from selling Belhaven beers in Big 'uns and Deep Pan Pizza restaurants, while no doubt Scotland is just dying for Black Angus Steak Houses. Garfunkels' holders will end up with 72 per cent of the enlarged group, and if their contribution to profits is to be in proportion, Belhaven is set for an astoounding recovery. The prospective multiple for the combined group on slightly less wild assumptions is still in the twenties, and as this deal will no doubt be followed by others, the stock is still only for believers in the Miquel magic.

Share options

The more enormous the discount at which shares are issued for cash, the greater the outrage, or so it might be thought. But consider the case of the latest exercise of executive options by Sir Ralph Halpern, who was able to sell shares in the market at 320p which were issued to him for a mere 23p. The reason why this will probably cause not an institutional eyebrow to be raised is that the discount is a measure of how well Burton shareholders have done: a 13-fold increase in their share price since 1981 compares with only four times for the All Share. The calculation is only somewhat less favourable for the options exercised by other Burton directors at the same time, these having been granted at the end of 1983: the market has risen by only 134 per cent, while Burton shares—even 10 per cent off their peak—have trebled.

From here on things get much tougher. The options granted a couple of years ago at the equivalent of 233p would still be worth about 80p each (less tax) to their owners if they could be exercised on Monday. But if Burton had merely kept pace with the market, the share price would be about 390p. So the 80p hypothetically available to a Burton director is at present the rewards for almost exactly 80p of underperformance.

WEEKEND FT

Saturday May 16 / Sunday May 17 1987

• MARKETS • FINANCE & THE FAMILY • PROPERTY • TRAVEL • MOTORING • DIVERSIONS • HOW TO SPEND IT • BOOKS • ARTS • TV •

Edward Mortimer examines the role of the US wartime leader and his contemporaries in shaping the world of today

The Roosevelt legacy

I WAS BORN in 1943. I grew up in the England of the 1950s and '60s: the age of the Cold War, of decolonisation, of full employment and rapidly growing prosperity in the West.

Like most of my generation, I took these things more or less for granted. Nuclear weapons, the UN, the dollar as the main international currency, the division of Europe into East and West: all those were part of what seemed a largely static world political landscape — the only dynamic element being provided by the movement of the colonial peoples towards freedom. That seemed both inevitable and desirable, as did the rapid economic and technological progress — the spread of television, jet aircraft, antibiotics — which was taking place all round me, against this political backdrop.

Just over the horizon of memory, but constantly audible in the conversation of my elders, visible everywhere in books, films, comics and the bomb-sites that disfigured my home town, lay The War, an exciting but obviously dangerous and on the whole unpleasant experience, which a more adventurous child might perhaps have been sorry, but I was definitely grateful, to have missed.

Obviously it had disrupted people's lives pretty severely. I had a godfather who had been killed before he set eyes on me, an uncle who was captured by the Japanese, an elder brother and sister who had endured six years of childhood without seeing a banana or a jar of marmalade. I can just remember what a ration-book looked like. But I thought of the war as a grim trial that my world had been through and survived. That my world was in many ways a product of that war was something that only occurred to me much later.

I discovered it by accident and by degrees, through following a series of threads which all led to the same intriguing tangle. When I was 18, I was sent to do Voluntary Service Overseas in the West African state of Senegal, then newly independent from France. What I heard about the history of that independence was so unfamiliar and confusing that I decided to find out more about it. The thread led back to the end of World War Two, when France, herself newly liberated from Nazi rule, decided to give her African colonies a new deal, making their inhabitants — in name at least — citizens of the French Republic.

That took me to France, where I lived in the late 1960s and became intrigued by the size and importance of the Communist Party — one of the factors which made French politics strikingly different from British. This, too, I found dated from the Liberation and the Resistance, in which Communists had played a leading role, emerging from it as "le premier parti de France."

Many people at the time, it transpired, had feared or hoped that France would become a Communist state, as the countries of Eastern Europe were in the process of doing. Until then, the fact that Eastern Europe was Communist and Western Europe was free, like the fact that America was our ally and Russia our adversary, has seemed to me self-evident. Now it dawned on me that as recently as 1945, within my own lifetime, these things had not been evident at all to many highly intelligent people.

Later still, in the 1970s, I found myself writing editorials for The Times about the Middle East, and particularly the Arab-Israel conflict — another aspect of the world scene which I had grown up with, and vaguely assumed to be part of the eternal order of things. But here, too, I discovered that every thing had really been decided in the immediate aftermath of World War Two.

Once you think of it, and look around the world, it becomes obvious. A world war is like a furnace of extraordinary heat: it melts the world down and makes it malleable, so that populations and frontiers can be shifted this way and that at the push of a stateman's thumb, and patterns of behaviour that have set over centuries can be suddenly changed overnight.

It happens because certain things can be done very quickly by force which can be done only very slowly, or not at all, if human beings have to be persuaded to accept change; and even those who disapprove in principle of the use of force are anxious to make the best use of it once they have been driven to take up arms in their own defence. It happens because war subjects people to extremes of fear and discomfort, so that remedies which themselves seemed extreme and unrealistic come to be grasped as necessities of common sense. And it happens because war, more effectively than any other political device yet invented, concentrates the energy of a people in the service of the state, and thereby greatly increases, for both good and ill, the scope of political decision-making in national and international affairs.

'He was determined that the alliance which would defeat the aggressors must remain in being to preserve the peace'

It lasted only a few years. By 1950 the earth had cooled again and the new structures were as rigid as the old ones had ever been. Perhaps more so, because after a nuclear world war there would be nothing left to reshape.

So that short period, coinciding almost exactly with the period between my birth and my earliest memory, was a unique moment in human history. The Second World War really was a world war, much more literally than the First, which was really the last great European war, with the usual colonial sideshows.

Of all the continents, only South America was not profoundly transformed. The US was transformed — not like every other belligerent, by being devastated or exhausted, but by emerging as unquestionably the strongest world power and taking on the main responsibility for the new world order.

This was a very new experience for a young nation whose foreign policy hitherto had been based on the avoidance of entangling alliances. But Americans were prepared for their new role by the tireless pedagogy of their longest-serving president, Franklin D. Roosevelt.

Convinced that America's failure to join the League of Nations was partly responsible for the breakdown of the Versailles settlement and the rise of aggressor states in Germany, Italy and Japan, Roosevelt was determined that this mistake should not be repeated, that this time the alliance which would defeat the aggressors must remain in being to organise and preserve the peace in the postwar world, with America playing her full part. He was determined, too, that the new world order should do away with the old evils of imperialism and economic nationalism. It should be a world of free peoples, trading freely with each other.

Roosevelt perceived no contradiction between American national interests and those of the international order, and in a sense he was right. The US would emerge from the war so much the most powerful nation, in economic and military terms, that in an international system of free and equal opportunities its influence, and its commercial interests, were bound to prevail.

So it was Roosevelt who devoted most thought to the postwar world order, and who set his stamp upon it, even though he himself did not live to see the end of the war. Besides being the political father of the atom bomb (on his orders, the top secret Manhattan Project was set up and the necessary funds allocated to it), he is the undisputed progenitor of the United Nations, and he gave a powerful boost to the movement of decolonisation, through his influence on American and world public opinion, and through the constant pressure he maintained on his wartime allies.

He also convened — on the advice of his close friend Henry Morgenthau Jr, Secretary of the Treasury — the Bretton Woods Conference of July 1944, which drew up the rules of the new world monetary system. And by his participation in the summit meetings with Stalin and Churchill, at Tehran in November 1943 and Yalta in February 1945, he helped to determine the future shape of Europe and the relationship between what would become known as the two "superpowers" — though here the eventual outcome was very different from what he had hoped and envisaged.

So we who grew up in the postwar world are all, in a sense, "Roosevelt's Children" — the title of the television series which begins next Saturday on Channel 4. It is an attempt to portray the postwar world order through the eyes of those who will inherit, or are already inheriting, the task of making it work — people who, like me, belong to the first generation that has grown up in this world, and cannot remember any other.

The series is compiled from interviews with a group of people from this age group, children of Roosevelt's world order, who might plausibly be expected to play some part in shaping its future —in deciding what kind of world order, if any, our own children will inherit. They include US presidential candidates, European party leaders, Japanese businessmen, Third World foreign ministers, Soviet foreign policy experts and youth leaders, and a few influential "opinion makers."

'They did not think of themselves as Utopians but as hard-headed realists forced to devise a new world order'

We asked them about their memories and experiences of the international system, from childhood onwards, about the feelings and beliefs that these experiences had left them with: and how they felt their generation was different from the ones that came before it.

One answer to that last question was given by George Will, the right-wing American columnist:

> "My generation does not quite understand the costs of life—has not had the fundamental seriousness of things borne in upon it in the way my parents did. My parents were young during the Depression, and remember the war, and the world seemed a less hospitable place. We who were young in the 1950s, the world was our oyster. So there is a kind of sense that life is easier than in fact it often is . . ."

Yet to suggest that we are an essentially complacent generation would be misleading. With the exception of those Americans who, like Will, responded to the mood of resurgent confidence generated by Ronald Reagan between 1980 and 1986, virtually all those interviewed expressed considerable anxieties about the future, ranging from the danger of accidental nuclear war to the collapse of the world economy or some kind of North-South cataclysm.

What they seem to have in common, rather than complacency, is a considerable scepticism about the effectiveness of multilateral institutions, and in many cases even a lack of confidence in government itself as an instrument for dealing with human problems. Joe Biden, one of the present Democratic presidential aspirants, explains this in the American context:

> "To my father's generation, government had the answer. It answered the Depression. It answered World War Two. It answered the economic growth of the 1950s. My generation started off thinking government was the answer, because we saw the Civil Rights Movement as a vehicle by which we could change things. But then Vietnam came, and it shattered our confidence, and our abilities, and our judgment. Then along came Watergate, which shattered our somewhat idyllic notion of our institutions. Then came the energy crisis, that government did not manage at all well, and in the heels of that came this phenomenal inflation . . ."

In Europe, too, there has been a reaction against the role of the public sector in national economies — and latterly, partly through the insistence of foreign aid donors, a similar change has affected developing countries as well. Even in the Communist world the necessity of the market and of the private sector is being conceded.

All that is no doubt necessary and healthy, but there must be a question whether some of us have not swung too far the other way. Perhaps our generation has been too much impressed by the things that have gone wrong with the international system in the past 20 years or so, as a result of mismanagement, and has concluded too readily that it is futile even to attempt to manage it at all.

One almost gets the impression that this rising generation of world leaders is divided into the Reaganites on the one hand — who claim that everything will go right with the world so long as America keeps up its military strength, sets a good example of economic freedom, and above all goes on believing in itself — and everyone else on the other hand, hoping the worst will not happen but not sounding as though they thought they could do much to stop it.

Anyone who tries to argue the case for global reform of the system — a new Yalta, a new Bretton Woods, or a revival of the UN as an instrument for halting international conflicts like the Iran-Iraq war—is quickly shrugged off as a woolly-minded Utopian nutcase. Yet the relatively stable and remarkably prosperous world we grew up in did not just happen. It was the fruit of a bold and conscious determination to find global solutions to global problems.

Roosevelt and his contemporaries did not think of themselves as Utopians but as hard-headed realists, forced by direct and horrifying experience to devise a new world order — believing it could be done because they knew it had to be done. Our generation does not have that sense of urgency because we were too young to share that experience— but a repetition of it for pedagogic purposes is a luxury none of us can afford.

** Adapted from Roosevelt's Children —Tomorrow's World Leaders And Their World, by Edward Mortimer — to be published on Monday by Hamish Hamilton, price £12.95. The television series, directed by Michael Wills, will be shown on Channel 4 on Saturdays at 7.30 pm, starting May 23.*

The Long View

The cost of efficient markets

Two new studies of the financing of industry seem to confirm that "efficient" stock markets are bad for industrial efficiency —confirming the prejudices of Anthony Harris.

IT IS sour-note time again. This has never been the column to read if you want to celebrate the glories of the City and the great contribution it makes to national life; but some readers may have begun to suspect that this view owes more to spleen than to sound detailed knowledge.

It is a great pleasure, then, to be able to put the argument in unquestionably expert hands —those of the Price Waterhouse Professor of Corporate Finance at the City University, and (no less) those of the Bank of England. Argue with them if you dare.

Professor Colin Mayer has only recently taken up his post at the City University, but he has been engaged for some time on an international study of how companies are financed, and how this affects their behaviour. This is being pursued in a number of universities in a programme initiated by the Centre for Economic Policy Research, and I very much hope that the City concerns which provide a good deal of the CEPR's finance will not be put off if some of the results look unflattering.

The first thing Professor Mayer has done is to discover the actual sources of finance for real investment in the main countries studied — Britain and the US, Japan, France and Germany. This looks a simple question, but in fact it involves a detailed analysis of company accounting conventions and of the banking practices of all five countries — which perhaps explains why this simple question apparently has never been answered before.

The answer, crudely, is that in Britain companies finance all their real investment from their own earnings, and could collectively carry on with no contact with the City. In the US the credit markets make a significant contribution, but the equity market makes none. In Germany and France the banks are more important, but it is only in Japan where both the markets and the banks are crucially important.

He has gone on to try to find out why; and while I cannot possibly do full justice to his reasoning—in his own words, anything that can be put in a nutshell probably deserves to be there—I must try to sketch it.

After first reviewing some of the fashionable theories, he finds that they explain nothing. He then builds a theory of his own, on the notions that companies are concerned primarily with issue of control and the avoidance of uncertainty rather than with cost or tax efficiency.

This is a picture that any company director will recognise; and in such a world, he will feel safer in the Japanese or German systems than he will in the British or American. The crucial reason is that he will enjoy—or, if he is inefficient, he will suffer—a committed, supportive long term relationship with his bank.

This means that the risks of takeover—the ultimate loss of control—are minimal, and that long-term finance, with predictable costs, is available on tap. It also means that if the company hits a lean patch, the bank is likely to help not only with long credit lines, but even with concessional interest rates.

This behaviour, so unlike that of our English-speaking bankers, is possible because long-term commitment is a two-way street. The bank knows that if the rescue is a success, it will keep the business and share in the gains.

That suggests two conclusions. They are not those Professor Mayer draws, but they may be interesting all the same.

First, that the British banks which are trying so hard, with Government support, to set up shop in Tokyo may find it rather hard to develop much local business.

Second, that British companies might find life more agreeable if they quickly tried to develop a deep, nourishing relationship with a Japanese bank in London.

His own conclusions are certainly interesting. One is that much of what appears in Japanese balance sheets as debt is, to all intents and purposes, equity. This seems to go a long way to explain the low apparent earnings of Japanese companies —though not the crazy peak of price-earnings ratio to be seen in Tokyo now.

But his second conclusion is the clincher: Japanese companies make heavy use of outside finance not just because they are more comfortable with it, but *because they do more investing*.

In short, the efficient, liquid capital markets we like to boast about actually inhibit investment and growth. The City makes us poorer, not richer.

Now this is not exactly a new idea. The fact that countries like Britain, the US and Switzerland, with their heavily developed financial markets, are rather sluggish economic performers, has been made many times, and Marxist literature is full of snide remarks about finance capital.

However, the big weighty studies which have been made of this precise question from time to time, with the Wilson Report as the most recent and massive example, have always concluded that there are only minor problems.

Professor Mayer brushes them aside. They never asked the right questions, he says, or even knew what questions they were asking. Observation without analysis, he snorts.

My nutshell has expanded to the point where I can give only a few lines to the Bank's research on the way funds are managed. They show, as might be expected, that fund managers are thoughtful, and do some solid research.

But the report shows even more clearly, between every line, that some very odd results follow if you put the provision of risk capital into the hands of those who are paid to minimise risk.

In particular, it shows why the institutions will never listen to the Bank's own director, Mr David Walker, when he begs them to take more interest in the management of the companies they invest in; their holdings are so small that it does not pay. But more of this another time.

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• MARKETS •

Stocks love polls

WHO said it is better to travel than arrive?

After all the speculation, Monday's announcement of a general election on June 11 might have seemed an anti-climax—but not for the London markets. Having jumped 36.8 points on Monday, then having encountered thin trading on Tuesday, the FT 100-Share index moved remorselessly upwards in the next three trading sessions.

A stream of favourable economic news and favourable election predictions for the Tories speeded the indices on their way. On Wednesday, talk that two opinion polls showing the Tories well ahead were about to be published helped Footsie gain 20.1 points; on Thursday, with the Government unveiling a dip in the unemployment figures and the polls suggesting Labour's support is under 30 per cent, it put on 16.6.

By Friday, there was a slower start on dwindling hopes *of another early cut in interest* rates. But with the year-on-year inflation figure revealed at 4.2 per cent, another 9.7 points were eventually notched up.

That left Footsie at another record of 2,189.7—a gain of 63.2 on the week.

Indeed, talk among analysts is more about where markets might move after Mrs Thatcher's victory than whether control might slip from her grasp.

Traditionally, equities have back-tracked whatever an election outcome—1970 was the exception—either because a Labour victory terrified the City or because a Tory victory had been discounted.

This time, though, analysts are rushing to stress the fundamental changes in the economic background. "After two decades of harbouring a lame duck image, the economy could at last be in the process of ridding itself of this unenviable reputation," suggests Capel-Cure Myers.

"Our bullish stance is based on the fundamental strength of the UK economy, in contrast with the disappointing growth prospects and downside risks faced by the US, Japan and Germany," concurs Wood Mackenzie.

If, argue the bulls, Britain's combination of low inflation and healthy growth rates help it to steal the limelight from other world markets, overseas (especially Japanese) buying coupled with the weight of domestic institutional money could send

London

market levels to uncharted heights. Warburg Securities, for example, suggests it would be plausible for overseas investors to push some £10bn into UK equities if they found the market attractive, compared with around £2bn last year.

That, though, is for the future. Shorter-term, the cheerful background was more grist to sterling's mill, with pressure mid-week for another cut in interest rates. But the Bank of England played cool — indicating that, although wishing to dampen the pound's rise, it would not welcome an early reduction.

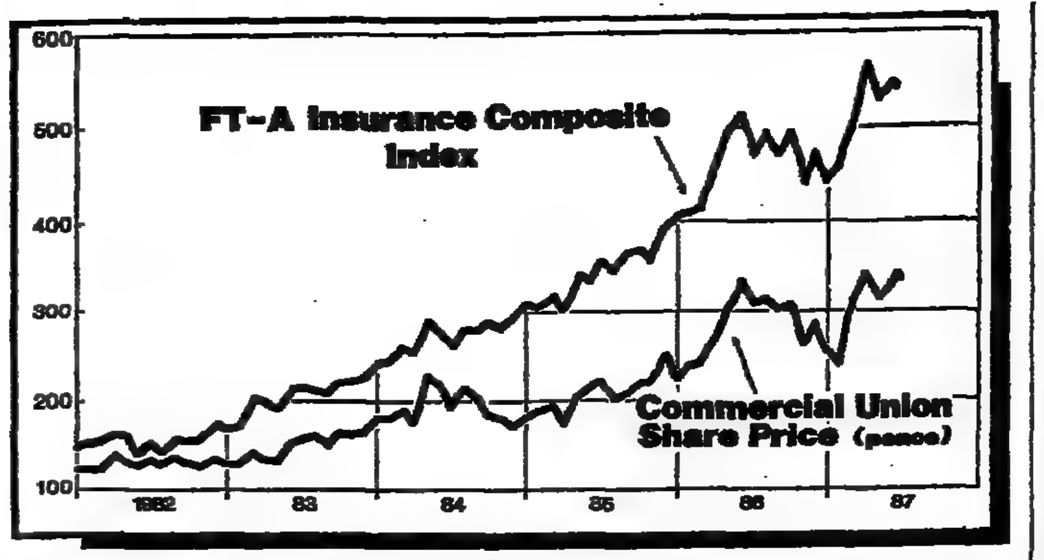
Gilts took the signal fairly stoically—turning only slightly lower on Thursday and losing about half a point on Friday morning. By Thursday evening, the yield on high coupon longs showed little change over the week at 8.83 per cent.

Gilt dealers had another matter to absorb them, however—Wednesday saw the Bank's first experimental auction of UK government bonds, *another US-style innovation in* the post-Big Bang set-up. In the event, it passed off without fireworks, with the £1bn-worth of stock subscribed for a satisfactory if unexciting 2.3 times.

If help had been needed, the equity market could have drawn plenty of additional comfort from this week's stream of company results. True, the two oil giants, Shell and BP, reported *sharply lower first quarter* replacement cost profits — down from £1.31bn to £606m and from £740m to £324m respectively — but that reflected oil price vagaries and the fact that *product prices lagged crude in the* first quarter last time, giving refinery margins a large boost.

In fact, both results were slightly ahead of most estimates. So, combined with talk that OPEC might seek to raise prices either at the June meeting or later this year, plus the scope for further margin improvement on downstream activities, BP shares added 14p to 356p and Shell ½ to £13¼.

Insurance composites Royal and General Accident met a less happy response on Thursday when they unveiled first-quarter pre-tax profits of £47.8m (£29.4m) and £22.4m (£4.7m) respectively. The figures were in line with predictions but the market was sur-



prised by the degree of winter weather claims—£58m at Royal and £40m at General Accident.

Come Friday, however, prices more than recovered their poise as more measured comment filtered through. Royal is still benefiting from strong performances in the US — its largest territory—and Canada, and there are soothing noises over the prospects of a rate-cutting war, although new business is hard to woo.

GA, meanwhile, has finally seen some modest improvement *in its UK motor account, thanks* to a series of premium hikes; again, though, it is North American business which is doing the most work.

This leaves Commercial Union, which reduced US exposure drastically in the last rate-cutting bloodbath, still somewhat on the sidelines—although its own first-quarter figures *two days* earlier were much in line with expectations at £28.2m (£12.4). Assuming GA makes around £200m (£123.2m) for the year, against perhaps £400m for Royal and £205m for CU, its rating is a touch above the others—and probably a fair reflection of the continued scope for recovery which GA's hefty personal business in the US, and even the UK motor account, provides.

US expansion has yet to make its full impact on Grand Met, where the $1.2bn Heublein acquisition was in for only a few weeks in the first half. The 18 per cent increase for the leisure division, at £167.7m pre-tax, came instead from a 23 per cent increase in trading profits—after excluding discontinued activities—with all divisions other than hotels contributing; £4.2m from property sales taken above the line; and a £5.3m pension holiday. The figures would have been £6.6m better but for exchange rate movements.

Similar dollar weakness could hurt again in the second half but, with Heublein in for the full six months, the annual figures might head for $450m, putting the shares on a still-reasonable 14 times multiple.

The bid scene had a relatively quiet week. The £228m Tesco offer drew to its predicted close on Friday with the national chain claiming victory over its Yorkshire-based target, Hillards.

Sun Life, by contrast, saw its institutional shareholders rally round to see off the attempt of 27 per cent shareholder Trans-Atlantic Insurance to gain three boardroom seats. But if that particular battle to keep Sun Life free of outside interference is won, there are plenty who suspect the war for independence is far from over.

As for small shareholders who took a punt on Rolls-Royce and who await Wednesday's opening levels with eager eyes, there was a timely reminder of how popular new issues can behave in a rampant market. Sock Shop shares soared to 290p on Thursday—compared with an offer price of 125p—and finally closed *at 257p, one* of the largest premiums the London market has ever seen.

Nikki Tait

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
	Prices in pence unless otherwise indicated				
Apex Prop¶	135*§	136	145	14.54	Randsworth Tst
Avana Group	845§	835	480	395.07	RHM
Brit Car Auction¶	247§	247	236	193.03	Hawley Group
Centrovincial Ests	443	380	278	69.54	Gilbert House
Chkpoint Europe	404	397	270	18.16	Britannia Sec
Comb Eng Stores	420	409	303	329.72	Next
Comb Eng Stores	377	409	322	295.95	Ratners
Comcap¶	719§	710	515	153.58	Atlantic Computer
Contibel	276*§	295	298	395.20	Tractebel SA
Crown House¶	342½	340	235	92.72	Coloroll
Dale Electric	125	119	106	16.79	Sunleigh Elctrncs
DBE Technology	34§	36	43	3.18	Ferranti
Extel	463	492	514	236.04	United Newspprs
Garfunkels Restrnt	296	280	246	98.95	Belhaven
Garner Booth	300*§	303	254	29.03	Hillsdown
Garner Booth	302§	303	348	20.22	Pittard
Gould (L.)	207	190	180	4.29	Robertson Res
Hillards¶	401§	393	225	197.93	Tesco
House Farm¶	197½	200	113‡‡	9.22	Sutherland (E. T.)
Horizon¶	212	209	164	165.78	Bass
Intl Leisure¶	200*	199	178	103.26	Hudson Pl Invs
Johnsn Brne End	445*§	405	428	9.50	Bugge Eind A/S
London & Nthn	98	95	80½	109.02	Evered
London Pk Htls	958	938	700	46.45	Mount Charlotte
Media Technology	171§	162	160	18.91	Lee International
Micro Scope	150*	145	106	16.00	GEC
Miles 33¶	698	636	333	32.80	UEI
Mitchell Somers¶	269	254	130	43.44	Eagle Trust
Municipal Props	£37¶§§	£35	£34	18.19	Merivale Moore
Nationwide Lsis	77½*	77½	77	8.30	Inspec E. & E. Grp
Norank Systems	252	347	247	9.41	Spong
Sarasota Tech	284	315	107	50.14	Peek Hldgs
Scott Greenham¶	255	268	195	74.36	BET
Standard Secs	319	290	240	36.79	Local London
Stockley	141	136	124	335.38	Mountleigh
Sunlight Services	345§	323	300	74.62	Davis (Godfrey)
Trade Prom Servs	323	297	251	18.53	EMAP
Utd Leasing	265*	251	231	38.28	Inspectorate EAE
WSL Hldgs	344	330	308	51.73	Granada

* All cash offer. † Cash alternative. ‡ Partial bid. § For capital not already held. ¶ Unconditional. ** Based on 2.30 pm prices 15/5/87. †† At suspension. §§ Shares and cash. ¶¶ Related to NAV to be determined. ||| Loan stock. ‡‡ Suspended.

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Bank of Ireland	Mar	£1,300	(73,200)	31.5	(27.8)	7.75	(—)
Bilton	Jan	11,470	(10,650)	20.3	(20.1)	8.74	(7.95)
Circa Print Hldg	Feb	632	(367)	7.8	(4.3)	—	(—)
European Ferries	Jan	1,900	(47,800)	—	(—)	—	(—)
GT Management	Mar	13,000	(7,030)	21.6	(13.1)	3.75	(—)
Henderson Group	Jan	4,420	(1,090)	12.6	(15.4)	7.5	(7.0)
Hunting Assoc	Jan	11,810	(7,340)	—	(—)	9.0	(8.0)
Lee Cooper	Feb	8,100	(7,960)	27.72	(—)	3.4	(2.8)
Lorlin Electronics	Dec	926	(1,090)	13.8	(11.4)	2.6	(2.5)
Sears	Jan	2,187	(2,558)	9.4	(—)	4.0	(3.4)
Style	Jan	15,300L	(259)L	5.67	(2.05)	5.0	(4.5)
United Friendly	Dec	11,200	(9,600)	8.9	(—)	14.9	(12.1)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
Diploma	Mar	6,270	(5,580)	1.25	(1.5)
Grampian TV	Jan	17,700	(16,900)	1.87	(1.57)
Grand Metrop	Mar	167	(141)	4.5	(4.0)
Kugialy & Fersts	June	896	(1,250)	3,038	(2,036)
Kunick Leisure	Mar	1,050	(559)	0.25	(—)
Oilfield Inspects	June	982	(197)	—	(—)
Perpetual Unit Tst	Mar	24,900	(21,800)	0.8	(—)
Saatchi & Saatchi	Mar	56,200	(25,900)	6.4	(5.5)
Jim Perkins Meats	Mar	162	(562)	3.85	(1.16)
TMD Advertising	Feb	504	(417)	5.7	(4.8)
Trilion	Mar	252	(245)	2.8	(0.4)
Western Selection	Mar	6,790	(5,810)	0.2	(1.5)
Windsor Securities	Mar	132	(114)	0.3	(0.1)

(Figures in parentheses are for the corresponding period.)

* Dividends are shown net pence per share, except where otherwise indicated. L Loss.

Confidence restored

THE STOCK market has tended to perceive the sales promotion industry as a paradigm of all the elements — good and bad — that it associates with the marketing services sector: growth-hungry, certainly, but also ephemeral and very volatile.

As a result, *the shares of the* USM's sub-sector of sales consultancies have waxed and waned with changing sentiment. Yet the market has become markedly more benign in the *opening months of this year.* The recent flurry of acquisition activity—the FKB Group announced a large takeover last week, as did the KLP Group yesterday—should restore the sector to the City's good graces.

Sales promotion has grown rapidly in the 1980s as British companies have followed their US counterparts by devoting a larger proportion of marketing spending to "below-the-line" activity, and have chosen to do so through the ranks of the specialist sales promotion consultancies.

"The industry is highly fragmented and poorly documented. But the consensus suggests that more than £5bn was spent on sales promotion last year and that the sphere will continue to grow by between 15 and 20 per cent into the 1990s.

As the industry has matured, so have the individual consultancies. In recent years, a steady stream have gone public —all starting on the USM. Holmes and Marchant has already departed for the main stock market while FKB and *KLP plan to follow suit;* but the sub-sector was swollen by Clark Hooper last summer and by the Pineapple Group's acquisition of Golden Key Promotions in the autumn.

One problem for the publicly-quoted consultancies is that the City, which once found it so difficult to get to grips with marketing services *per se*, has *found it doubly difficult to un*derstand an industry which embraces anything from credit card mail shots to vouchers on toothpaste packets.

A parallel problem is that, in the mid-1980s, several companies encountered specific difficulties and share prices suffered accordingly. It is only now, after a series of respectable results, that the sector has succeeded in restoring lost confidence.

KLP was perhaps perceived, fairly or not, as the most acci*dent-prone of* all. The group went public in 1983 and, after a series of small acquisitions and a flow of new business, watched its share price rise steadily. But in 1985 when it *announced that Asda, a former* client, had initiated legal action against a subsidiary, the share price plummeted.

The Asda issue has yet to be

Junior Markets

resolved but KLP has continued with a flow of new business and acquisitions. The share price has almost doubled to around 470p since the start of this year and KLP has, at last, passed its 1985 peak.

One of the most appealing features of KLP, to the stock market at least, is its international ambition. Thus far, overseas expansion has concentrated on Europe; but yesterday it announce a move into the US with the takeover of Comart Associates, the third-largest consultancy in the country, for up to $19m accompanied by a rights issue.

KLP is now well on the way towards achieving its aim of becoming the largest sales promotion consultancy in the world and analysts are busily upgrading profit forecasts for the year to September 30. Richard Dale, *of James Capel, plumped for* £2.8m, with earnings per share of 25.5p, before the deal and is convinced the shares have further to go.

Last week's news of FKB's acquisition of the Photobition Group for £2.9m and a £5.4m rights issue, which will leave lots of scope for further expansion, was also welcomed. FKB's performance on the USM has been less erratic than that of KLP but its shares have experienced a similar surge this year and have risen further since the announcement to 350p or so.

FKB has established a solid reputation for new business gains and added a frisson last autumn by drafting in Neil McClure, hitherto an acquisitions specialist at the very acquisitive Saatchi & Saatchi, as group finance director. Photobition has set a precedent for further expansion. Recent rumours suggest that FKB might bid for the Lopex marketing group.

The group has forecast profits of at least £2m for the past financial year to March 31, and Philips & Drew's Mark Shepherd anticipates a jump to £3.6m in the present year, leaving the shares with lots of scope for further growth.

The progress of Clark Hooper, the smallest of the three, has been rather more prosaic since it came to the USM a year ago. After a sudden surge, the shares have settled down to just over 180p, compared with the issue price of 130p.

However, the business has fared well since flotation and Roger McCosh, of Capel-Cure Myers, expects pre-tax profits of around £1m, with earnings per share of 8.4p, to be announced for the year to April 30, with £1.5m and 11.6p likely next year. This should redress the balance by prompting a rise in the share price.

Alice Rawsthorn

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1987 high	1987 low	
FT Ordinary Index	1691.6	+ 32.9	1691.6	1320.2	Election date Confirmed
AC Hldgs.	615	+100	615	331	Potential shell situation
Atlantic Computers	719	+ 77	727	288	Comcap merger go-ahead/Press coment
Ault and Wiborg	350	+ 70	350	52	Minority bid hopes persist
Bass	£10⅞	+ 0½	£10⅞	729	Interim results due Wednesday
British Land	25½	+ 21	251½	172	Sells stake in Peachey
Concentric	211	+ 35	211	103	Good interim results......
Delyn Packaging	545xd	+155½	545	186	Chase Manhattan recommendation
Ellis and Goldstein	114½	+ 26	114½	75	Takeover speculation
English China Clays	456½	+ 37½	462	306	Interim results above estimates
GEC	234	+ 15	239½	184	Talk of poss. US acquisition/re-rating
Garfunkels Rests.	279	+ 81	279	160	Agreed bid from Belhaven
Glaxo	£15¾xd	+ 1	£16¼	£11¼	Brokers favourable recommendations
Grand Metropolitan	528	+ 37	539	439	Good interim profits
Hunting Associated	569	+106	587	344	Bumper preliminary figures
Land Securities	477	+ 23½	479	336	Excellent annual results
Polly Peck Intl.	290	+ 38	310	134	Investment re-rating continues
Sears	156	+ 12	157	123	Profits rise exceeds forecasts
Southend Stadium	795	+197	795	312	Property development prospects
Tomkinsons	455	+ 60	455	246	Mid-term results due Tuesday

BA flies a cheerful flag

BRITISH AIRWAYS, which was privatised earlier in the year, reports its full-year results on Tuesday and, for many in the City, forecasting pre-tax profits amounts to "pick a number, any could be right."

BA is a company with high operational and financial gearing, and small movements in either or both of those ratios can mean big swings in profits. Allowing for that, the City has been cheered by the company's recovery after the effects of Chernobyl and the Libyan raid in April last year which led to a big fall-off in traffic in May, June and July.

BA's prospectus forecast full-year profits of £145m for the year to March 31. It is expected to out-perform this but not extravagantly so, and the City expects the airline to make around £150m pre-tax although some are going for around £170m.

ALLIED-LYONS, the brewing and food group, is expected to announce preliminary pre-tax profits of between £325m-£330m on Tuesday, reflecting a busy period which saw the threat of a bid from Elders IXL and the successful acquisition of Hiram Walker.

The deal to buy the Canadian drinks group came too late in the year to add much more than a few million to Allied's profits, and the main reason why they were higher than the previous year's £269m is expected to be beer where, after years of rather poor margins, a rationalisation

Results due next week

programme enabled the group to do better despite lower volumes.

Profits from food, and wines and spirits should also improve but property is expected to be down from last year's £28m to £27m.

BASS, the brewing and hotels group, reports interim results on Wednesday and the City is expecting solid growth in pre-tax profits from a company which is highly rated for its efficiency and growing penetration of markets.

The company's underlying business is expected to perform well with market share gains, especially in beer. Two technical factors are expected to produce lower numbers this half: Easter was in March last year and April this year; and the company incurred costs in the reorganisation of Britannia Soft Drinks.

The City expects a 13 per cent lift in profits on underlying business to £137m which, when property profits of £6m are taken into account, produces an expected pre-tax figure of £143m.

WHITBREAD reports its full-year results on Wednesday and the City is expecting steady rather than dramatic growth in profits.

The company is expected to perform well in beer sales and in its restaurants. Its wine and spirits business had a poor first half and analysts are looking for an improvement in the second. The company's US operations are variable; it markets Cutty Sark, the number four whisky in the US, and faces tough competition.

The City's consensus forecast for pre-tax profits puts Whitbread about 18 per cent ahead at £160m.

The turn-round at BOC's graphite business in the US, which added £7m to the first quarter, is also expected to have a major impact on the group's interim figures due on Monday.

The City is forecasting £120m pre-tax (against £92.1m which included a £3.8m operating loss from graphite) for the six months to March. As BOC follows a period-end translation policy, the weaker dollar will have impacted on the second quarter and will lead to the previously reported contribution from the first three months being shaved by £3m or so.

Gases are thought to have made gains in South Africa and Australia, offsetting a translation-hit flat US performance, and health care should be modestly ahead. However, no major currency gains are expected this time — in the first half of 1985-86, this account contributed £6.6m — which will be offset only partly by a lower interest bill.

Company	Announcement due	Dividend (p)* Last year Int.	Final	This year Int.
FINAL DIVIDENDS				
Allied Lyons	Tuesday	3.25	6.25	3.9
Asda Property Holdings	Monday	—	—	—
Bisichi Tin Company	Wednesday	—	0.65	—
Cakebread Robey and Co.	Tuesday	0.8	2.5	—
English China Clays	Thursday	4.25	8.25	—
Gartmore American Securities	Tuesday	0.6	0.7	0.6
Hartwell PLC	Wednesday	0.85	1.77	0.85
Heath C. E.	Wednesday	0.7	17.39	7.1
Value and Income Trust	Friday	0.4	—	0.62
Whitbread and Co.	Wednesday	2.25	5.55	2.5
INTERIM DIVIDENDS				
Bass	Wednesday	4.2	12.8	
BOC	Monday	4.37	6.42	
British and Commonwealth	Thursday	3.94	3.45	
Brooks Tool Eng.	Tuesday	0.82	0.83	
Crystalate Holdings	Monday	1.85	3.25	
Fulcrum Investment Trust	Friday	3.6	2.2	
General Accident and Fire	Thursday	—	—	
Grampian Television	Thursday	0.43	1.57	
Grand Central Inv.	Monday	0.25	—	
Holmes and Marchant Group	Tuesday	—	1.9	
Irish Distillers Group	Wednesday	0.2	5.85	
London Atlantic Investment	Thursday	2.1	4.75	
Thames Television	Thursday	—	—	
Yorkshire Television Hldg.	Tuesday	—	—	

* Dividends are shown net pence per share and are adjusted for any intervening scrip issue. † First quarter figures.

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 27%	45%	60%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawals (days)
CLEARING BANK*								
Deposit account	3.00	3.04	2.29	1.67	monthly	1	—	0-7
High interest cheque	5.50	5.61	4.23	3.08	quarterly	1	1,000-4,999	0
High interest cheque	5.80	5.93	4.46	3.25	quarterly	1	5,000-9,999	0
High interest cheque	6.20	6.35	4.78	3.48	quarterly	1	10,000-49,999	0
High interest cheque	6.50	6.66	5.02	3.65	quarterly	1	50,000 minimum	0
BUILDING SOCIETY†								
Ordinary share	5.00	5.06	3.81	2.77	half yearly	1	1-250,000	0
High interest access	6.75	6.75	5.09	3.70	yearly	1	500 minimum	0
High interest access	7.00	7.00	5.27	3.84	yearly	1	2,000 minimum	0
High interest access	7.50	7.50	5.65	4.11	yearly	1	5,000 minimum	0
High interest access	7.75	7.75	5.84	4.25	yearly	1	10,000 minimum	0
90-day	7.75	7.90	5.95	4.33	half yearly	1	500-9,999	90
90-day	8.00	8.16	6.15	4.47	half yearly	1	10,000-24,999	90
90-day	8.25	8.42	6.34	4.61	half yearly	1	25,000 minimum	90
NATIONAL SAVINGS								
Investment account	10.00	7.30	5.50	4.00	yearly	2	5-100,000	30
Income bonds	12.25	9.53	7.18	5.22	monthly	2	2,000-100,000	90
Deposit bonds	12.25	8.94	6.74	4.90	yearly	2	100-100,000	90
33rd issue‡	7.00	7.00	7.00	7.00	not applicable	3	25-1,000‡	8
Yearly plan	7.00	7.00	7.00	7.00	not applicable	3	20-200/month	14
General extension	7.02	7.02	7.02	7.02	quarterly	3	—	8
MONEY MARKET ACCOUNTS								
Money Market Trust	6.42	6.52	4.91	3.57	half yearly	1	2,500 minimum	0
Schroder Wagg	6.02	6.19	4.66	3.39	monthly	1	2,500 minimum	0
Provincial Trust	7.15	7.39	5.57	4.05	monthly	1	1,000 minimum	0
BRITISH GOVERNMENT STOCKS§								
7.75pc Treasury 1985-88	8.34	6.23	4.82	3.66	half yearly	4	—	0
10pc Treasury 1990	8.50	5.87	4.12	2.66	half yearly	4	—	0
10.25pc Exchequer 1995	8.91	6.27	4.50	3.03	half yearly	4	—	0
3pc Transport 1978-88	5.99	5.16	4.60	4.14	half yearly	4	—	0
2.5pc Exchequer 1990	5.87	5.15	4.67	4.27	half yearly	4	—	0
Index-linked 1990¶	6.37	5.83	5.46	5.16	half yearly	2/4	—	0

* Lloyds Bank. † Halifax 90-day; Immediate access for balances over £5,000. ‡ Special facility for extra £5,000. § Source: Phillips and Drew. ¶ Assumes 4 per cent inflation rate. 1 Paid after deduction of composite rate tax, credited as net of basic rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

GE loses patience

THE MOST interesting events for Wall Street this week occurred some distance from the New York Stock Exchange floor: at the offices of Kidder Peabody, which suffered a drastic management reorganisation on Thursday; and at a nearby courtroom where a peppery judge was telling off the government prosecutors who have so terrorised the securities industry.

Exactly a year since the arrest of Dennis Levine, a managing director at Drexel Burnham Lambert, shook Wall Street, the investigation of insider trading can still cause casualties.

This week, it was the senior management of Kidder Peabody, the medium-sized investment firm which has been badly tarnished by the confessions of Martin Siegel, a former star in its mergers and acquisitions department; and by charges of insider trading against two former traders in takeover stocks, or arbitrageus. In the end, General Electric, the industrial giant which bought 80 per cent of Kidder last year, lost patience.

GE's move was brusque to a degree. Complaining that Kidder's reporting and control systems were not up to scratch, GE replaced Ralph DeNunzio, the Kidder chief executive for 20 years, with the former chairman of Illinois Tool Works, Silas Cathcart, a tough industrial manager with no experience of Wall Street but a long-time GE board member. Other GE men were parachuted in.

The announcement might have been designed to give maximum offence to Wall Street's *amour propre*. "Have I got this right?" asked one analyst in wonder. "They put in a tool-and-die man at Kidder?" Ironically, the other casualty was the image of invincibility surrounding the hammer of Wall Street, Rudolph Giuliani, the US Attorney who has reaped some spectacular successes from the insider trading investigation.

Wall Street

This week, he was obliged to petition to drop the indictment of the two Kidder arbitrageurs (and an arbitrageur at Goldman Sachs) after Judge Louis Stanton, a *former* marine and a stickler for punctuality, dismissed his request for more time.

Defence lawyers next week will push to have Judge Stanton dismiss the indictment "with prejudice," which would mean that Giuliani cannot seek a new indictment on the same charges. The *odds* are against the defence achieving this, but Giuliani's reputation has suffered a dent.

In contrast, the stock market did not do much; or rather, the market expended a great deal of nervous energy not doing much. By Friday morning, the Dow Jones Industrial Average had progressed only three points after a week in which all manner of new notions had zigzagged through the market, only to burn themselves out.

Among the trends are inflationary concerns as well as various features that those few greybeards who can remember a full market cycle associate with a very mature bull market: high daily volatility, inconsequential bargain-hunting in laggard and takeover stocks, and a rediscovery of cyclical stocks.

These features came together with a bang on Monday afternoon, where a 45-point gain on the Dow was converted into a 15-point loss in the last hour and a half of trading.

The problem was rising grain and other commodity prices, which unleashed inflationary fears in the bond market, which in turn spilled over into equities. The late impact on stocks was made heavier by what dealers call "day trading," where participants hunt bargains by day but prudently close out their positions for the night. "Everybody's in there for the short term," says Michael Metz, an analyst at Oppenheimer. "Nobody is thinking of six weeks, let alone six months."

Inflation is no unmitigated disaster for stocks. Rising prices flatter earnings, which are already set for a boost this year after a 11 per cent gain in the first quarter. But if the bond market decides that higher inflation demands higher interest rates, the stock market's historically high prices in relation to earnings will look that much more demanding.

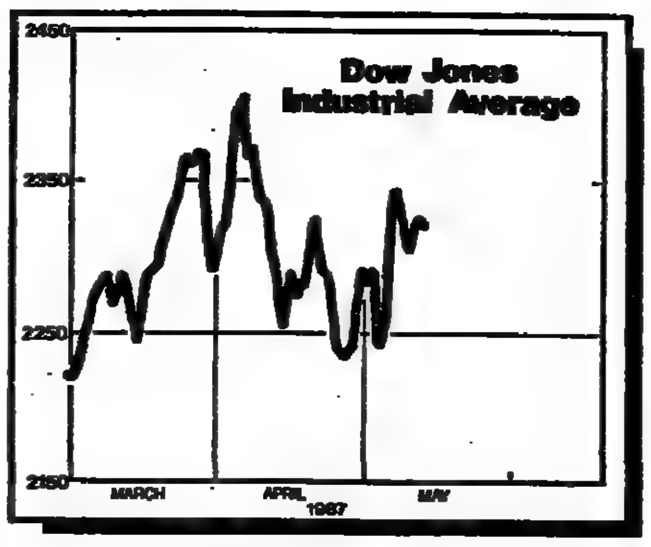
Friday's announcement of an 0.7 per cent increase in producer prices in April, implying an annual rate of 8.9 per cent, confirmed some of the inflationary fears and gave both stock and bond markets a jolt on Friday morning.

The equity market's highly speculative cast was shown by trading in Texaco. Rumours that the oil company might be on the brink of settlement of the $10.5bn suit launched by its rival, Pennzoil, surfaced for no good reason this week, along with some wild stuff about Robert Holmes à Court, the Australian investor, building up a stake.

On Monday, Texaco was the most active stock on the board and rose $2¼ to $38, with Pennzoil on about the same. The next day, traders seemed to have grown bored with the rumour and both prices slipped back more than a dollar.

MONDAY	2307.30	−15.00
TUESDAY	2322.60	+15.30
WEDNESDAY	2329.68	+ 7.08
THURSDAY	2325.49	− 4.19
FRIDAY		

James Buchan



Full speed ahead

CONFOUND the sceptics and full speed ahead. The buoyant Tokyo stock market continues to rise to new high, undeterred by those who say it really has gone too far.

Indeed, on the last Monday in April, Tokyo did stage a heart-stopping plunge, putting investors worldwide on the edge of their seats. But, in end, the drop appeared to be more of a lack of buying sentiment for a short period, rather than an urge to sell. And since then, the money has come back into the Tokyo market because, simply, it has almost nowhere else to go.

And by the end of this week as a result, the TSE index had scored two more record closings, reaching 24,729 on Friday. Turnover was also topping out at an estimated 1.2bn shares daily.

At the same time, Japanese investors appeared to have confounded the worst fears of US and Japanese monetary authorities that they were cooling down on US treasury bonds. About 40 per cent of the recent auction in the US of 30-year bonds appears to have been bought by the Japanese. That should help stabilise the yen-dollar rate and reduce the pressure of money returning to the TSE from the US, or so the theory goes.

Unfortunately, many in Tokyo do not believe that the bonds have actually gone into the steady hands of institutional investors. Instead, they say, the US securities are on the books of Japanese securities houses in New York. The figures on Japanese capital flows for the first 10 days of this month appear to bear out this story. They show that new purchases of foreign bonds reaching Japan in that period were just $200m, 90 per cent down on a year ago. In April, for another comparison, the Japanese bought about $4bn worth of US bonds.

So even though Japanese buyers took up about $8bn of US bonds in the recent auction, the vast majority of purchases were for short-term investment and trading. The stable investors have apparently hung back, keeping their funds in cash, bonds and, of course, in the TSE. This has apparently contributed to the recent instability of the yen-dollar exchange rate and the volatility of the Tokyo equity and bonds markets.

Indeed, the excess of funds coming into Japanese bonds has pushed up prices in recent weeks and brought yields to record lows. At one point the Government's benchmark 89th bond was yielding a record 2.58 per cent. Even though it rebounded to 2.8 per cent at the weekend, investors are apparently unexcited by the spread of nearly 6 per cent between US and Japanese long-term interest rates.

The hesitancy of the institutional investors is understandable. According to the Ministry of Finance, the country's top life insurance companies have lost as much as Y2,000bn on their US bond portfolios since the Plaza agreement in 1985 helped to kick-off the dollar's devaluation against the yen.

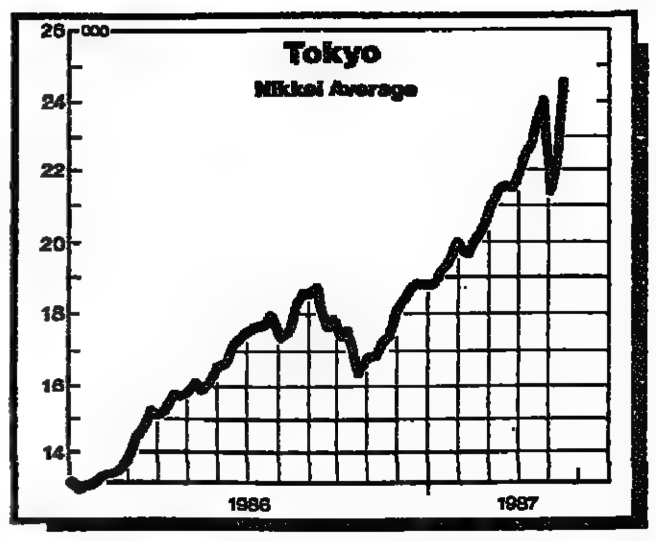
Even so, according to some economists in Tokyo, the current situation is unsustainable. With Japan's current account surplus this year still expected to grow, common sense would dictate that the capital outflow should pick up again. "Japan doesn't have any need for this money," says Ron Napier of Salomon Brothers in Tokyo. Economic growth is slowing down and companies are not interested in investing in capital plant. At some point —tomorrow, in a few weeks or by the autumn, economists say —the money will have to go back abroad.

Tokyo

Optimists, in the meantime, continue to point to buying opportunities in Tokyo. Daiwa Securities, for example, expects the next batch of results from the blue-chip exporters to show that profit declines have bottomed out. This, they say, will provide solid reasons for buying those shares which have not been a major contributor to the recent electrifying climb of the TSE.

Pessimists, however, continue to sound the alarm bells. For example, financial stocks now account for 40 per cent of the market's total capitalisation. Any indication that the market may be peaking could prompt holders of these shares to take profits, which could in turn bring the indices down with rapid speed. Although a tumble of this kind could happen with lightening speed, pessimists have been predicting something of this kind for months. And it still hasn't happened. . . .

Carla Rapoport



Coffee has grounds for optimism

THE LONDON coffee futures market, while hardly buoyant, is at least beginning to present a less depressed appearance. Having hit a four-year low on April 1 the market put on a post-Easter spurt and despite falling back a little of late, nearby positions remain about £100 a tonne above the lows.

That could be seen as a heartening performance, especially as the advance has been held back, perhaps by as much as £50, because of the further weakening of the US dollar.

Dealers are not getting too excited, however. Chastened by last year's experience, when the market failed to sustain gains resulting from heavy drought damage to the Brazilian crop, they are not keen to stick their necks out with bullish price forecasts.

Paul Prescott of Drexel Burnham Lambert, the London broker, sees the recent price recovery as a response to the new consensus that the market had reached the bottom, rather than realistic hopes of a sustained rise.

"It was based on the appearance of decent interest from the industry and the withdrawal of producers from the market," he says. He also notes that there was some industry "price-fixing"—buying against earlier hedging sales of futures in order to fix the prices of physical purchases.

The resulting price rise gave technical charts a more constructive appearance and the large investment funds, which had been "short" of the market (i.e. they were carrying uncovered sales in the expectation of price falls), suddenly went "long," giving a fresh boost to prices.

The rise quickly ran out of steam, however. Producers are prepared to sell now that prices are higher, and roasters are less anxious to buy. As a result, says Prescott, there is "overhead resistance" to any further price rise.

At present, there seems little reason to expect a sufficiently determined buying wave to break this resistance. Figures released this week by the International Coffee Organisation show that coffee stocks held by its exporting members fell sharply last year, but they remain more than adequate to fill any likely supply gap.

As at September 30, the end of the coffee crop year, the stocks total stood at 25.03m bags (of 60 kgs each), compared with 33.45m bags a year earlier.

Commodities

Despite its drought disaster, Brazil's stockpile had actually risen from 6.4m bags to 7.3m, reflecting its misguided policy of staying out of the market for most of the year and waiting for the price rise which never materialised.

In Colombia, the second-biggest producer, stocks fell from 10.3m bags to 8.6m. The organisation's figures show that members' export availability for the 1986/87 coffee year was 92.5m bags, down from 94m a year earlier, and the lowest since 1980. But the availability figure for April-September 1987 is put at 64.4m bags, up from 58.3m in the corresponding period of 1986.

Brazil's April-September availability is estimated at 15.5m bags, compared with 11.5m in 1986 and 15.8m in 1985, while Colombia's is put at 13.1m bags, down from 14m.

There are two main possibilities for altering the fundamentally bearish coffee supply/demand: a Brazilian frost and the reimposition of ICO export quotas.

Frost in Brazil's growing areas used to be a regular feature of the world coffee market, periodically redressing the structural surplus of supply over demand. And the approach of the Brazilian winter (which lasts from June to August) was usually accompanied by a firming of prices as the market braced itself for a possible disaster.

But that was in the days when the country's coffee production was largely concentrated in the southern state of Paraná. Coffee needs to be grown at high altitude and so is particularly vulnerable to frost. The depradations of frost have encouraged a gradual northwards migration of coffee growing into the more gentle climate of Minas Gerais state, however, and frost no loner holds the fear that it used to for Brazilian growers (or hope for the others).

The prospects for the reimposition of quotas seems even more remote for the time being. Their suspension was triggered by a sharp price rise in late 1985 as the market anticipated the impact of the Brazilian drought. But although prices have fallen heavily since, neither producers nor consumers seem in any hurry for their return before the autumn.

If the coffee market does not offer outstanding bullish prospects, however, it at least appears to carry fairly limited downward risk for the investor. But anyone fancying a punt will have to dig fairly deeply into his pocket. A minimum futures investment of 5 tonnes will cost nearly £7,000 at the moment, with at least 10 per cent payable "up front" and any paper losses having to be covered as they arise.

A more modest exposure is available from IG Index, the city bookmakers. For a deposit of $400 a punter can speculate on a two tonnes contract with a total exposure, at current price levels, of about £2,800. For the private investor this gamble has the added attraction of being exempt from income tax. Betting tax is payable but this is loaded on to the starting price of the gamble.

Richard Mooney

Richard Lambert on general elections and the stock market

Towards a turning point?

GENERAL ELECTIONS are usually tremendous circuses, but for the past 20 years or more they have not usually been of much lasting significance for the stock market.

There have often been violent swings in share prices during the days immediately before and after polling day, especially on the occasions when the opinion polls have sent confusing signals. But over anything but the very short term, elections have not tended to change the underlying trends in the market—whatever their outcome.

It was not ever thus. During the 1950s and early 1960s—the period to which Harold Wilson (as he was then) used to refer half-longingly as the 13 years of Tory misrule—party managers were able to co-ordinate the election cycle and the economy in a marvellously smooth manner. As a result, elections usually came somewhere close to the top of a strong bull run.

That trick became much harder to pull off in the late 1960s and 1970s, though. Perhaps the reason was that the economy as a whole became more difficult to manage as it rocked in the waves created by Opec. The market hit a peak just two weeks before the Conservatives were pushed out of office in October 1964. Since then, it has generally paid investors to concentrate on underlying economic trends rather than on the hustings.

So, in June 1970, when the Tories regained office after a closely-fought campaign, share prices jumped a full 5 per cent in the following 24 hours. But the gains were quickly dissipated, and the FT Index moved sideways over the rest of the year until the collapse of Rolls-Royce early in 1971 brought the end of a two-year bear market.

In 1974, prices were already sliding rapidly well before the Labour Party regained power in February. The day after this victory came what was then the biggest-ever fall in the FT Index, as last-minute pollsters' predictions of a Conservative win were proved wrong. But the underlying trend was already established and continued beyond the second Labour victory the following October.

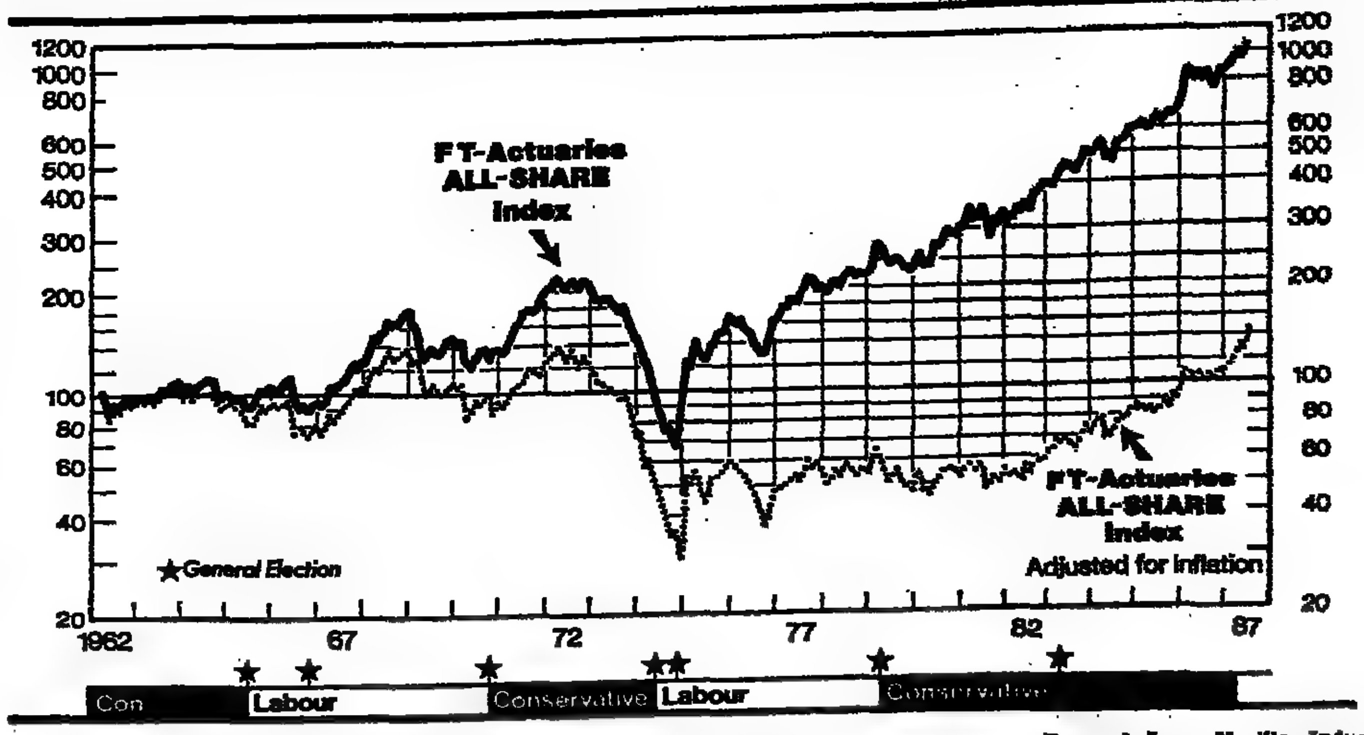
The decisive moment actually came a few weeks later, when Chancellor Denis Healey *realised in the nick of time* that British industry was sliding over a cliff edge and introduced an emergency Budget package to check the fall.

In 1979, share prices rallied strongly as Mrs Thatcher moved to Number 10: the FT Index hit a high for the year the following day. But that was followed by a sharp reaction, and it was another year before the sustained bull market got under way. Her re-election in 1983 left no more than a blip in the upward trend.

The conclusion could be that investors—as opposed to speculators—should go to sleep for the next four weeks. Opinion polls in the closing stages of the campaign may well cause violent—but probably brief—price movements. A famous example came two days before polling in 1979, when a misleading poll knocked the Index back by nearly 3 per cent.

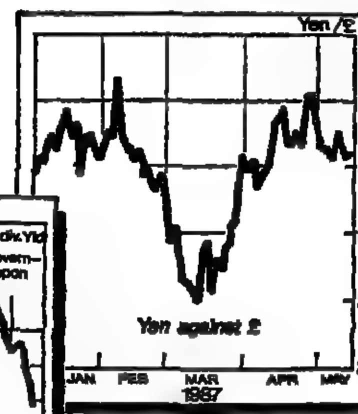
Of course, things could be different this time. After all, it would be hard to imagine a *more favourable series of short-term* economic statistics than those which have set the tone for the Government's present campaign.

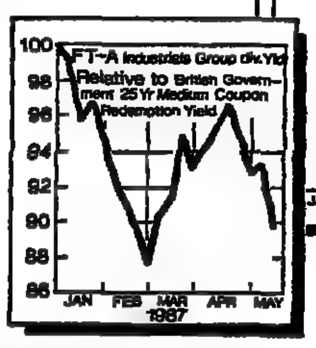
If there is anything in the Opposition argument that the trends cannot go on improving *for long*, then Mrs Thatcher will have shown herself to be a worthy successor to Harold Macmillan in terms of election management—and June 11 could, after all, mark a financial turning point.



Jeremy Stone draws a moral from the market

Enigmatic equities





POLITICIANS would have us believe that general elections change the face of the country; if they are right, it is logical to see them as make-or-break for the equity market as well. In the few days before and after the election announcement, it has been a superficially convincing way to see the markets, if not the country: knowledge of the election date, in the context of opinion polls favourable to the Government, was worth an immediate 100 points on the FTSE index.

Even in its own terms, the idea that the market is functioning as a kind of giant each-way bet on the election result—complete with instructions to sell now if you expect a hung Parliament or a Labour victory—*is fraught with difficulties*. If all that has been added to investors' knowledge is that an election is to be held, it should make little difference to the prospective value of the market. The actual *rise*, *if seen as an* expression of confidence in the permanence of Mrs Thatcher, should not simultaneously be regarded as capitalising on underlying improvement in the stream of corporate dividends.

It is no accident, therefore, that investors who picture the market as an option expiring on election day also regard equities as inherently fragile. When the FTSE index gained 40 points last Monday, only to lose 20 on Tuesday, it was not difficult to *fit the facts to a pattern of* electoral euphoria and depression.

It is the easier to draw this moral since the day-to-day fluctuations are movements in a market that, by internal domestic criteria, has started to *look increasingly* expensive, having *risen* over 30 per cent since January (15 per cent in the past month). Equity yields have not been so low for over 20 years; to see the FTA Industrial group yielding less than 3 per cent is something that investors have not experienced since the days before the secondary banking crisis, 15 years ago. Yields are lower now.

Price/earnings ratios are also pretty formidable; with multiples of 24 in electricals, 25 in food retailing and 28 in the ethereal world of agencies, earnings growth needs to be ferocious to prevent the ratings coming down with a bump next year.

Earnings are widely expected to rise by about 15 per cent this year—an expectation that will probably slip progressively if the dollar does not start to recover, and if the Bank of England is unable to keep a cap on the effective external value *of sterling. Profits of US* subsidiaries translated from the ailing dollar are themselves looking sickly, and nobody is very confident of the UK's ability to achieve continued export growth at rates much above DM 3 to the pound.

It is fortunate that although UK equities may not be cheap by their own historical yardsticks, the London equity market is less an island than a crossroads for the big international flows of investment funds. Since the start of the year, the London market has risen by *almost 50 per cent in dollar* terms; our own 1986 devaluation against European currencies has not prevented sterling keeping its end up against the dollar. To dollar investors, the combination of relatively rapid growth, a currency pick-up and —yes—*political stability*, made London appear attractive long before there was serious talk of a June election.

As so often, the key to the riddle can be found in Japan which, as the major trade surplus country, is also the greatest generator of loose savings in the world. Disillusioned with US Treasuries, the Japanese appear to be taking a greater interest in non-Japanese equities, and possibly in those of the UK.

If they do, the weight of funds that they are capable of directing at the UK markets is more than sufficient to insure them against the risk of currency loss: it was Japanese investment, more than anything, that enabled the dollar to go on rising—until February 1985—in the face of a *ballooning US current account deficit.* But, so far, the Japanese equity investment wave is a matter of hearsay rather than hard evidence.

Policy matter

WHICH comes *first*, an insurance company's policyholders or its shareholders?

Emphatically the policyholders, said Sun Alliance's general manager, Geoffrey Bowler, this week, in a trenchantly argued letter to the *Financial Times* supporting Sun Life Assurance in its boardroom battle with Transatlantic.

The letter was published on Tuesday. On Wednesday, Transatlantic, an associate company in Liberty Life of South Africa, failed at the Sun Life annual general meeting to win representation on the Sun Life board—although it is the largest shareholder with 25.73 per cent of the equity.

But shareholders are not being neglected. At another Wednesday agm, this time at Legal & General, the meeting was told that the average compounded total rate of return on L & G shares over the last five years was 39 per cent per annum, compared with an overall stock market average of 27 per cent.

Professor Sir James Ball, the chairman, said that "these figures are a significant reflection of the progress of Legal & General and the performance of its management."

This was a shareholders' meeting, after all. However, Sir James also hammered the proposed tax level of 35 per cent to be imposed on policyholders' chargeable gains within the life fund. It was, in essence, retrospective, he said, and penalised life insurance as *a savings medium by comparison* with unit trusts and other savings.

He noted that this feature is not included in the truncated Finance Act, and hoped that it would not be reintroduced in any future legislation.

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UNIT GROUP, which manufactures timber pallets and was one of the first companies to join the Stock Exchange's Third Market, has been named best Business Expansion Scheme new issue of the year, writes **Philip Coggan.**

IN THE NEWS

The scheme was established in 1983 to encourage investment in unquoted companies, and allows investors relief from both income and capital gains tax provided their investment is held for five years.

This week's awards were sponsored by BEST BES, an investment research company, and were presented by Peter Brooke, MP, a Treasury Minister of State.

Other award-winners were Johnson Fry, for sponsoring the best presented prospectus, Fast Forward Inns; Neville Industrial Securities and Gilbert Jeffs for best new sponsor; Capital for Companies for best fund manager; and Lawrence Lever of The Times for best BES journalist.

The panel, which included lawyers, accountants and journalists could not decide on an award for the best BES company of the year. It is the first time awards have been presented to BES participants and comes in a year when a record amount—£148m—was raised for unquoted companies by BES issues.

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A RESOURCE book of facts and figures about the Church of England's finances came out this week.

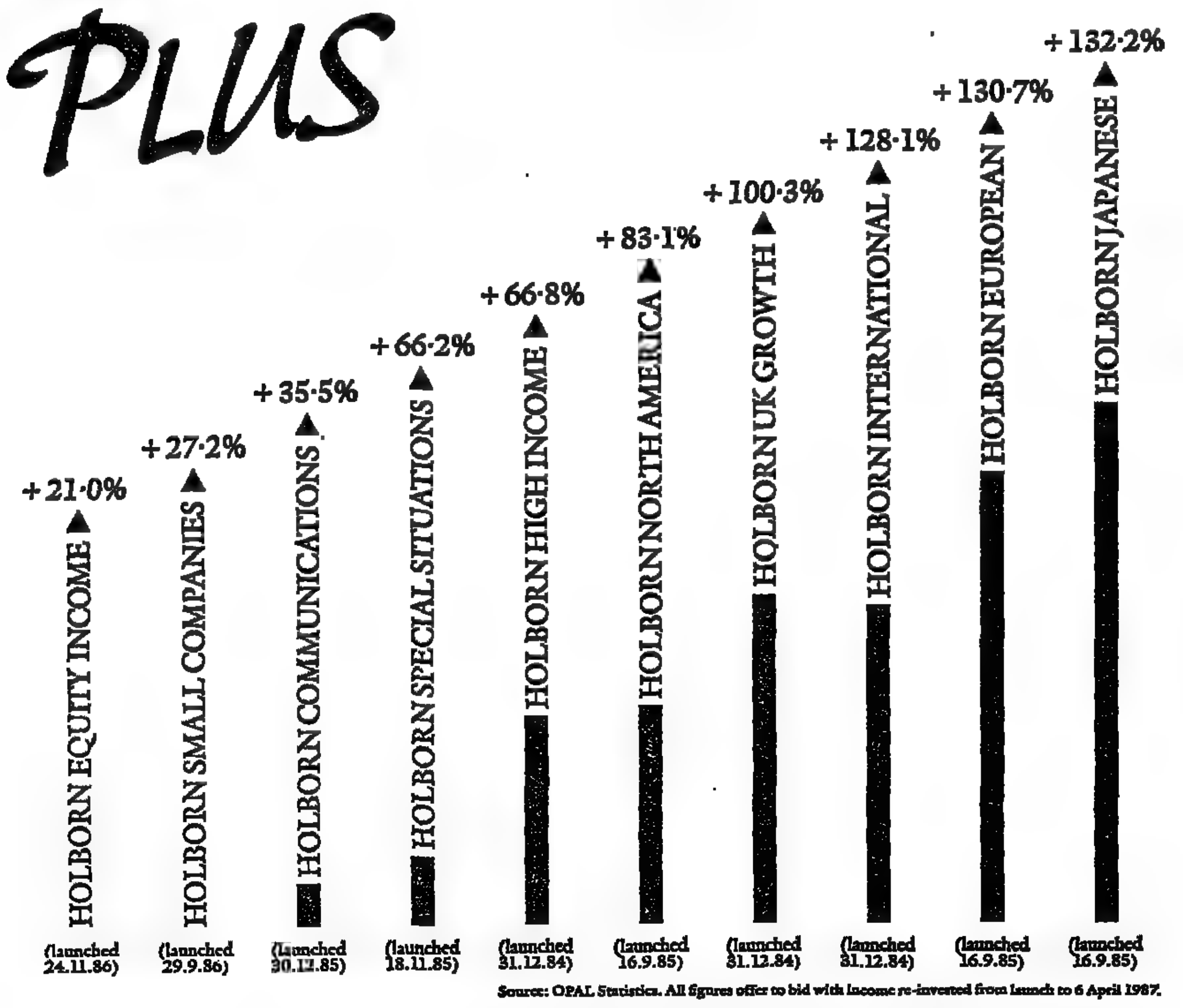
Money Matters, at £4.95 from Church House Publishing in London, is a comprehensive and clearly laid out guide written with churchwardens and parish treasurers particularly in mind.

The author, Douglas McKean —an Under Secretary in the Treasury and later Deputy Secretary of the Church's Central Board of Finance—wrote the book to give church-people ready answers to diverse questions about the Church and money. He was commissioned to do so by the Central Board of Finance and the Church Commissioners.

In Money Matters he gives an overall picture of how the finances of the Church of England work.

Investment Office are dealt with.

Ending with an overall picture of the Church's income and expenditure, McKean calls for a more positive attitude towards expenditure and the role of administration.



• FINANCE & THE FAMILY •

The Rolls-Royce and Sock Shop flotations make life hard for would-be investors

No big deal

INVESTORS wishing to take a quick profit on their Rolls-Royce shares will find life a lot tougher than in other recent privatisations.

Unlike the giant British Telecom, British Gas and—though not strictly a privatisation—TSB issues, there are no special dealing arrangements for recipients of Rolls shares. Moreover, the issue comes when most dealing services and, more pertinently, settlement back-ups are already under hefty pressure from the sudden acceleration in private investor interest.

Finally, the scale of the Rolls allotments means that many people have ended up with extremely small bundles of shares, which brokers and banks will find both time-consuming and unprofitable to transact.

The result is that hardly anyone is showering Sid—the man without a regular broker—with special offers. If he is not careful, he may well face a minimum charge of £20 plus VAT, and will almost certainly have to wear out shoe leather delivering his allotment letter to a bank branch or broker's office.

Suppose, for example, that Sid applied for 1,500 shares for an anticipated outlay of £1,275. He will have been scaled down to 200 shares, for a total cost of £170. If the current "grey" market price of 130p is any guide to the level at which dealings start, the profit would be £260—£170=£90. The dealing charge could eat up over one-quarter of that.

Better rates do exist. Anyone who applied for upwards of 7,000 shares—and qualifies for 300—will probably find that NatWest offers the best combination of commission rates and convenience. The bank is running a "touch-screen" service in 245 branches. You will have to present your allotment letter, but the service will then issue a contract note on the spot and you can walk away with a cheque for the shares in your hand.

The commission rate will be 1.5 per cent up to £5,000. Since the maximum number of Rolls shares anyone received was 2,500, nothing over that is relevant. At the other end, the minimum commission cost is £15, but because the deal is done directly with the market-makers no VAT is charged.

Stockbroker Quilter Goodison is running another convenient—if marginally more expensive—service through "money centres" in Debenhams in Oxford Street, Bristol and Truro, and through all branches of the Cheltenham and Gloucester Building Society.

Again, the charge is 1.5 per cent with a minimum of £15, but VAT is added. As with NatWest, investors will have to present allotments letters, and settlement will then take place back at Quilters, with cheques posted on to sellers.

Shareholders whose allotments are worth under £400 — on a 130p opening price, anyone who aplied for 7,000 shares or less — may still find lower minimums among local brokers. Broker, Stancliffe, for example, which has offices in Yorkshire, Humberside, and the North-East, will charge £10 plus VAT up to £200, and £12.50 plus VAT on £200-£349; Henry Cooke Lumsden, in Manchester, is offering £10 on bargains up to £200.

However, most brokers will certainly insist that non-clients bring in their allotment letters, so it is only worth shopping around for the best rate on small bargains in your local area.

Nikki Tait

So little for so many

The Sock Shop flotation was over-subscribed many times

YOU JUST cannot win with new issues these days. So many people see them as a licence to print money, any flotation likely to produce a profit is wildly oversubscribed. The shares are then heavily rationed, so applicants receive either none at all or so few as to make it hardly worth the bother of applying.

The position has been made worse by changes in the new issue rules, which make it possible for most companies to come to the market through a placing of shares with institutional investors. This method of flotation effectively excludes private investors, so making them all the hungrier for stock in the few remaining offers for sale.

The last week or so has provided two typical examples with the flotations of Sock Shop International and Rolls-Royce.

Sock Shop, a relatively small issue of just £5m worth of shares, attracted 76,500 applications for nearly £260m worth of stock. Consequently, all but 16,000 of the applicants had to be eliminated in a ballot, and even the successful applicants came away with trifling allocations. Most people were given 100 to 200 shares each.

The Rolls-Royce issue offered a much larger £1.36bn worth of shares, but 60 per cent of them (later reduced to 50 per cent) were placed with institutional investors in advance. With 2m people chasing the remainder, this portion of the offer was subscribed more than nine times. So again, the allocations were tiny.

Serious investors do not consider small allocations worth holding, for the effort that goes into monitoring the performance of the company concerned cannot be justified by the value of the investment.

This might not be such an important factor for, say, British Gas—a relatively safe and solid investment requiring little monitoring. But Rolls-Royce is more a trading stock: it is likely to turn in a volatile performance as good and bad news come in, and the astute investor will be attempting to buy on the lows and sell on the highs.

Rolls-Royce applicants who have come away with a couple of hundred shares have little incentive to hold them. There are no special perks to reward loyalty, such as bonus shares after three years, and the dividend is not due until December, after the second instalment has been paid.

Further, if this week's unofficial market price is reached in early dealings, many analysts expect it to ease back later on when euphoria is replaced by a realistic assessment of the share's fundamental value.

One tip for people trying to maximise their profits when dealings begin on Wednesday is to bundle all their friends' and families' letters of allotment into one big parcel and sell them as a single deal. That way, only one commission is paid on the whole transaction, so reducing the proportion of the profits taken up by dealing costs.

It's possible to do this because the Rolls-Royce allocations do not come in the form of shares, but as letters of allotment, which are bearer securities. Once the share certificates have been issued, this can no longer be done.

A note of caution, however: this novel approach could take some banks or brokers by surprise, so best to check whether they are prepared to play ball before taking in those allotment letters.

Richard Tomkins

Dial a share on-line

Alan Cane reports on a new telephone service which gives the caller instant share prices

IF YOU have shares in British Gas and want to know how they are doing, here's a quick way. It's cheap and simple, but you will need a touch-tone telephone. If your telephone has a key pad rather than a rotary dial, the chances are this trial will work.

Dial 0898 500500 and wait for connection. You will be greeted by a somewhat mechanical voice which will tell you the time, the value of the FT-SE 100 index and so on to give you a summary bulletin of the state of the stock market.

But you want to know about British Gas. Cut the recital short by pressing the * key on your key pad and the voice will ask you to enter a code number for a specific security.

Now tap in 5253; the voice will respond almost instantly with the latest share price. It will give the mid-price — half-way between the best bid and the best offer. For those prices, tap in 9003 after the *.

You have been listening to a computer-generated voice, but the prices you have heard are immediate; as up-to-date as any dealer could obtain by searching his Topic screen (his electronic window on the Stock Exchange's market information system, SEAQ).

It is all part of a novel service called "Teleshare" launched yesterday by a new company, Telephone Information Services.

The company has already built up a turnover of several million pounds selling weather information over the telephone in conjunction with the Meteorological Office, not to mention racing results, but managing director Grant Wilkinson believes there is very much greater potential in Teleshare. So does Barclays Bank, whose broking subsidiary Barclays de Zoete Wedd is using the service and working together with TIS in marketing it.

Data from the Stock Exchange SEAQ system is fed into the TIS computer, where the numbers a dealer would normally see on his or her screen are converted into the spoken word.

When a customer asks for a specific share price by tapping telephone keys, the right words are assembled in the right order and fed down the telephone line. It all depends on clever computer software. Mr Wilkinson believes that, using his particular system, he has an 18-month lead on the opposition. The service is intended for private investors, financial advisers and quoted companies.

It provides midprices and bid and offer prices for most of the 3,000 securities listed on SEAQ; a customer can create a portfolio of his own shares whose prices will be delivered one after the other on dialling the right numbers.

Using special codes, financial advisers can feed in their own commentaries for distribution to their clients and quoted companies can channel information directly to their shareholders.

Compared with other forms of market price distribution — Topic terminals, closed viewdata services, teletex or radio —Teleshare is very cheap and convenient.

There is a one-off charge of £35 which buys you registration, an index of company codes and a touch tone telephone. Then all you pay is £35 a year plus line charges.

Have I given the game away by publishing the service access number? Not at all; TIS intends to make its money by splitting the line charges 50-50 with British Telecom, so the more callers the better.

This week's news was given added spice by British Telecom's unexpected announcement that it, too, would offer a similar service.

To be called Citycall Portfolio, the Telecom service is slightly cheaper at £25 registration fee and £25 a year, but experts agree it uses older technology and is slightly more limited than Teleshare.

Try it for yourself. Again assuming you can lay hand on a touch tone telephone, dial 0898 12 11 11 to contact the service, then key in 05780 when it asks for your password and 2752 for British Gas.

· FINANCE & THE FAMILY ·

Fewer make the Black List

PREMIER Unit Trust Brokers of Bristol has just brought out its 11th annual income trusts survey. The survey has become well known for it uncompromising approach to poor performers in the income sector, and we must assume it has been influential in improving performance: there were 17 trusts in the survey's Black List last year, compared with only seven this time round.

Peter Edwards of Premier started the survey in the 1970s to keep track of those trusts where income was rising faster than inflation. Although inflation is not such a threat nowadays, the results are still fascinating.

The survey takes a growth and an income yardstick and applies them over a three-year term to all income unit trusts with a long-enough performance record. The growth measure is the All Share Index, and growth in income is compared with the change in the RPI. The magic numbers for the 1987 survey are 109 per cent (three-year growth in the index) and 15 per cent (ditto in the RPI).

The results of the survey are divided into three: the White List of those trusts which beat both measures; the Grey List, showing trusts which beat one but not the other; and the Black List, of those dullards which fail on both counts.

The Premier survey works on income growth, with no allowance made for absolute yield level. Those trusts which tend to show up best are the ones with lower yields, as it is easiest with these for managers to achieve an increase in dividends. The average yield for the White List is 3.89 per cent, for the Grey List 4.21 per cent and for the Black List 5.17 per cent.

This year, the trusts in the survey are laid out in order of capital growth—perhaps the wrong order of priority for investors interested in increasing income? If the trusts were relisted in order of dividend growth, the picture would look very *different*.

The biggest dividend increase of all comes from F & C UK Income, with 125 per cent growth over the period and a yield at April 1 of 4.29 per cent —a fitting record from an investment management whose flagship investment trust has recently announced its 16th consecutive annual increase. Unfortunately, the unit trust's 74 per cent growth record over three years leaves it towards the bottom of Premier's Grey List.

It has to be admitted, though, that dividend increases from the White List trusts are impressive, with only six out of 48 failing to double (at least) the increase in the RPI.

A disadvantage of the survey is that a trust which just fails both criteria will appear on the Black List. Quadrant Income, for instance, showed 100 per cent growth over the period surveyed, and a 12 per cent increase in dividend. Henderson Smaller Companies Dividend, which appeared on last year's Black List with a similar near miss, is well up the White List for 1987.

One aspect of income trusts which the survey reveals is their consistency. The table shows what Edwards has labelled "The Cream" for 1987: those trusts which are in the top half of the White List under both criteria.

PREMIER INCOME SURVEY 1987

	Cap gth. 3 yrs to 1.4.87 %	Div. gth. 3 yrs to 1.4.87 %	Yield at 1.4.87 %
Stewart Ivory British**	157	65	3.86
Gartmore Income	157	53	2.93
Framlington Ex. Income*	153	54	3.62
Prolific High Income**	144	68	3.33
Bridge Income*	133	96	4.13
Brown Shipley High Income	130	45	4.92
Perpetual Income**	129	62	3.70
Pearl Income*	127	53	3.15
Equity & Law Higher Income*	127	48	3.77
Glen Income	126	79	4.18
Capel Income*	126	59	4.33
Fidelity Growth & Income*	124	77	3.69
	(FT ALL Share 109%)	(RPI 15%)	

Source: Premier Unit Trust Brokers

Of the trusts shown, those with one asterisk were on the top half of the White List last year, and those with two have been on at least four of the past five White Lists.

Edwards himself points out the enormous discrepancy between the top and the bottom trusts, although he does not offer an explanation. The top five funds averaged 150 per cent capital growth and 72 per cent increases in dividend payments. The bottom five averaged 60 per cent growth and a 3 per cent dividend increase.

The ability to increase dividends must depend, to some extent, on markets. The industry-wide record has improved progressively during the 1980s. Premier notes that 54 per cent of fund managers cut dividends or left them unchanged in 1981, 14 per cent in 1982; 22 per cent in 1983 and 10 per cent in 1984 and 1985, compared with only 5 per cent in 1986.

In the light of those figures, it seems unpardonable that trusts with a poor performance record have been allowed by managements to continue to give such dismal returns. The subject has Edwards fuming: "There are 21,000 people walking around somewhere with holdings in the seven 'black-listed' bottom funds — with £50m of under-employed investments. What a waste!"

The 1987 survey shows an excellent three years for income unit trusts and, incidentally, reinforces the theory that an income trust is a good growth investment. The average growth rates for the UK Equity Income sector were 29.5 per cent over one year to April 1, 78.4 per cent over two years and 114.6 per cent over three years compared with 22.8 per cent, 65.9 per cent and 99.9 per cent for the same periods in the UK General sector.

Christine Stopp

A fund of help on taxes

WHITTINGDALE, the independent investment management company formed in 1977 to manage the premium income funds of Lloyd's insurance syndicates, reckons that its top performing short-dated gilt fund will also help close companies solve their tax problems.

It says that close company shareholders, since the 1987 Budget, are now almost all subject to an apportionment of the company's investment income—and hence the threat of punitive tax rates. They should therefore invest for capital growth—which is not subject to apportionment—allied with low risk and security.

Low coupon gilts could fit the bill. But they do fall in bad markets, and they do produce some income. Whittingdale maintains that good management can transcend the influence of a depressed market, and that it can also manage the fund to maximise capital appreciation and minimise income.

Michael Shaw, a director of the management company, said this week that a number of close companies are now coming into good times after five or six tough years in the recession or its aftermath.

"They now have the ability, and in many cases the inclination, to build up their liquid resources," he said. In other words the increasing of cash deposits could be deemed to be prudent, even if not directly attributable to business requirements.

He said that the Whittingdale Short Dated Gilt Fund, returns from which are almost entirely capital growth rather than income, is already extensively used by close companies which are looking to hold their liquid funds in the most tax-efficient way.

Individual low coupon gilts provide a safe medium for capital growth. But Whittingdale notes that, by November last year, 2½ per cent Treasury 1990 —star of the market for the first five months of 1986—had fallen from its high of £86, in May, to £79.

The Short Dated Gilt Fund price rose from 86.8 offer to 88.2 bid between May and November. With over £47m invested, says Shaw, the Whittingdale fund has become the largest gilt growth unit trust.

William Cochrane

• FINANCE & THE FAMILY •

Glossy end to a year

Investors' Tales

MY WIFE is a shareholder in Burton Group. She recently received a copy of Burton's interim results and almost threw it away, thinking it was a mail order catalogue.

The covers of the report and more than half its pages featured photos of models wearing clothes and even what seemed to be a "pink-striped lampshade" from Harvey Nichols, with descriptions and prices of these items.

With the TSB seriously considering trying to give its shareholders only very brief summaries of its reports, Burton at least appears to have found a way of providing essential information to shareholders while recovering some of the cost of producing it by enticing shareholders to buy a "shocking pink taffeta jacket" for £385 and "the classic trench coat" for £89.

Burton shareholders can also apply for a free video cassette which outlines "the group's achievements over the past year and the steps that have been taken to ensure future growth."

Both Lonrho and Grand Metropolitan send shareholders separate booklets with their annual reports. These detail the special offers available to shareholders, including reduced-price wines from Grand Met and discounts on hotel accommodation and cars from Lonrho.

The Lonrho and Grand Met reports are glossy documents, full of colour photos of their various activities. The latest report from Grand Met had three new and strange symbols on the front cover: a lion, the sun and an odd-looking bird, plus the words "adding value." Had the company expanded its activities still further by opening a zoo or amusement park to go with its Children's World child car services in the US? Nothing so simple.

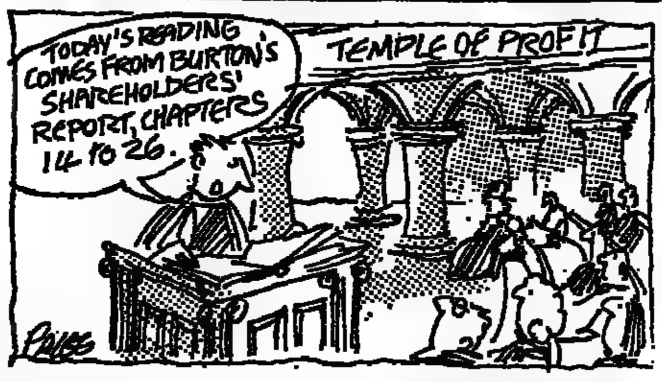
In a separate leaflet, Grand Met took two pages to explain the significance of the symbols—they were to be Grand Met's "hallmarks."

The "lion passant . . . symbolises the UK base of operations"; the sun "aptly symbolises the international sphere of operations"; and the odd looking bird was an eagle which provided "a convenient symbol" for the US operations. All this is supposed to show that Grand Met "adds value to the planning and activity of its component companies."

Many smaller companies such as Dares Estates, DSC Holdings, London Entertainments, and Tavener Rutledge, content themselves with much plainer reports containing no fancy symbolism or photos, and those companies still seem to perform quite well.

Some other companies appear to consider the annual report almost an excuse for mass ego trips for the chairman and senior executives, with large, individual, carefully posed photos of them all. Yet who cares if a chairman has a pot belly—unless he is involved in a health business? Or if some of the other executives appear to have "shifty eyes" or uncomfortable contact lenses? Surely it is the financial results and prospects for the future that matter, not what the company's executives look like?

Other annual reports, however, do manage to create a sense of "involvement" for the shareholder while still featuring photos of company executives. The latest report from United Biscuits, with its focus on workers and management alike, all shown actively involved with the company's products, does convey—to me at least—that it is genuinely doing what its front cover states: "Forging ahead in a competitive world."



But what else do I look for in an annual report, apart from wanting to see an increase in profits and a statement that future prospects are excellent?

I look carefully at the breakdown of the figures: was an increased profit achieved by exceptional circumstances, such as the company reducing its pension scheme contributions or making property sales?

Is there something hidden in the small print? Such as outstanding litigation that might result in the company having to make a large finansial settlement?

How many shares in the company do its directors own? Have they increased or reduced their shareholdings since the previous year? I tend to favour investing in companies where even the non-executive directors have demonstrated their faith by buying a reasonable number of shares.

Does the company have valuable assets not yet fully reflected in its share price? For example, the recent report from London Finance and Investment Group stated that its net asset value at the end of 1986 was 73p per share—yet its present share price is less than 60p.

Liberty's April 30 1987 report only gives a net book value in its accounts of £4,048,000 for all its freehold and leasehold properties, and states that in the opinion of the directors the properties have "an open market value substantially in excess of book value."

Indeed, one only has to visit Liberty's large Regent Street store in central London to see what they meant.

Kevin Goldstein-Jackson

Trust in the future

THE UNIT trust movement has become so hyped up about short term investment performance that investors could be forgiven for feeling slightly bewildered. Is it best to chop and change with what appear to be the latest trends or stick with a fund that promises nothing earth shattering to begin with, but great things over five years or more?

When you compare the long-term performance of investment trusts against that of unit trusts, you can see the benefit of a commitment to consistent long term performance. It takes a degree of faith to leave your money with a fund manager for five years, but for those investors with enough confidence, investment trusts have historically produced better performance than unit trusts.

There are fundamental differences between unit and investment trusts. Rather than being an open-ended fund in which you buy units, an investment trust is a closed-end company with a finite number of shares which are traded on the stock market. Many of them are multi-million pound investment operations whose main clients are other large investors and institutions. A successful investment trust is therefore one that manages to satisfy those hardest of taskmasters.

Take the largest of all the investment trusts, Globe. Its long-term shareholders include the National Coal Board pension fund and the Prudential and Standard Life. They are using investment trusts because they want the benefits of a balanced portfolio of high and low risk stocks across a variety of market sectors and geographic areas which, by careful diversification, also offers a degree of safety.

In performance terms there is not that much to choose between one good investment trust and a good unit trust, depending on your time horizon. Expressed as an average, the investment trust comes out ahead over five years or more. Short term, it is the unit trust that wins.

But there are other reasons why an investment trust might be a better bet. The average annual management charge, deducted from an investment trust's income, is 0.4 per cent of assets, compared with the standard 1 per cent charged by unit trusts. Similarly, front-end charges are lower for investment trusts, averaging out at 3 per cent compared with at least 5 per cent for unit trust investors.

And if you buy into an investment trust, you do so at a price which is usually lower than the value per share of the underlying assets. So you are buying at a discount, which increases the value proportionately of any income that is produced by the trust.

So, you may ask, why, with all these advantages, are investment trusts not as popular as their unitised rivals? The answer lies in the regulations forbidding listed companies to advertise without issuing a full prospectus. Add to this the innate conservatism that characterises institutional investment, and the fact that investment trusts don't pay commission to financial advisers, and you can see why the message hasn't been getting across.

Now the movement as a whole is getting to grips with smaller investors by introducing regular saving schemes, while the Association of Investment Trust Companies issues a range of information to help private investors understand the market.

Picking a suitable investment trust can be a problem to begin with and it is advisable to make use of the information available from the AITC. Some of the trusts have misleading names. As just one example, the British Assets Trust specialises in North America. To find out more about investment trusts and their individual objectives, *"How to make IT,"* an annual guide published by the AITC, is available at selected bookshops, or direct from the association at Park House, 16 Finsbury Circus, London EC2M 7JJ.

Richard Newell

Scottish Widows' might

JOHN ELDER, Scottish Widows deputy managing director, picked up a case of de Castellane champagne this week at the Scottish Money Show in Glasgow.

The champagne, presented by Champagne de Castellane and Opal Statistics, was an award to Scottish Widows Fund Management as the Scottish Unit Trust group of the year.

Opal, which provides comprehensive performance analysis on all authorised managed funds, has been wanting to move away from crude performance measurement into a true assessment of investment management.

Director Chris Poll says that in the 12 months to May 1 of this year, Scottish Widows Pegasus funds had the highest average ranking within their respective sectors, with three out of six funds in the top quartile.

"We're also trying to steer away from short-term, one- and three-month performance statistics," he says. "Unit trusts are for the long-term investor, so let's look for ability rather than managers who happen to be in the right sector at the right time."

David Ritchie, an investment director at Scottish Widows Fund Management, says that the group came to terms with the investment performance charts in its management of pension funds. "We have been less conscious of them in personal finance where the market is more fragmented," he observes. "But their influence is increasing."

He agrees with the call for consistency. "It's the message I've been trying to put about for years and years," he says.

Scottish Widows does not claim any particular winning system or style of fund management. It may be indicative that its top quarter funds, High Income, Pacific and European, are barely "specialised" within today's meaning of the word—which suggests that the respective investment managers, in their stock selection, are given the freedom to be right.

The Money Show, at Glasgow's new exhibition centre, closes today. Last year it attracted 80 exhibitors and 6,000 visitors. 25,000 people turned up to see the second London show, Money '87, at Olympia last November.

William Cochrane

• FINANCE & THE FAMILY •

Denial of access

Some time ago, I became dissatisfied with the excessive charges being made by my accountant, for work which he had not done (eg his last account included the statement "to corresponding with HM Inspector" on a subject which I had conducted the whole correspondence myself!) and I requested a final account, which I then settled.

I then asked for access to my file, but he stated that it was the firm's policy not to pass clients' files to clients.

I then asked for photocopies, and I was sent certain items (my last tax return for example), but I am still without any copies of correspondence with the tax inspector (other than that referred to above).

I have finally requested access to my file, but cannot obtain any satisfaction, and it is impossible to pick up the threads of my tax position with the Inland Revenue.

I have written to the Institute of Chartered Accountants, asking whether it is general policy for clients to be denied access to their own files (assuming the final account has been settled), and am unable to obtain even an acknowledgement to my query.

Are you able to advise me whether it is general policy to deny clients access to their own files under the above circumstances, and can you advise me as to how to proceed now?

We suggest that you telephone the Institute to ascertain what has happened to your letter. You should be entitled to the originals of all letters, demands, etc. addressed *to you* and to inspect and take copies of all other material on the file. Normally it is simpler to provide photocopies of all items on the file, though you may be asked to defray the photocopying charges.

Minor problem

My children are aged seven, four and two and I am 59 and feel that I should do something at this stage to reduce the burden of inheritance tax. Other than property, my capital is largely in the form of bonds on which I receive tax-free interest here in Hong Kong. If at all feasible, I would like to transfer some of the bonds into the names of my children so that the income from these investments can be used for the children's education and at the same time count as a transfer of capital.

I would welcome advice on whether the existing bonds can be transferred into the name of my children individually or whether I need to dispose of the bonds and repurchase in the name of each child. If it is possible to place capital in the hands of minors in one way or another how should income be dealt with?

It is not clear from your letter whether you are domiciled in Hong Kong or in the UK. You may have to consider Hong Kong Estate Duty as well as UK Inheritance Tax. In view of the ages of your children, it might be preferable to transfer the bonds to trustees to hold them on trust for the children, either as a class or in separate funds. You would be wise to consult a solicitor. If you do place capital directly in the names of minors it may prove difficult to manage it properly, eg, to transpose investments. Income can be paid to the legal guardians of the minor.

Care with covenants

For some years now, my mother has been paying two sums of £300 each, net of tax, under Deeds of Covenant in favour of my two sons, one aged seven and the other 17. These sums, together with the tax reclaimed on the covenants have been invested each year in National Savings Bank Investment Accounts in my sons' names.

To what extent can I, their father, use the money to defray the cost of maintaining and educating my sons? For instance, could this money be used for holiday purposes and if so, would receipts have to be kept to show the benefit that each child received?

If the money is placed in your sons' names there is no right for you to apply that money for your sons' maintenance, education or benefit generally, but it may be proper to use it where a true case of real necessity arises. If the money were held by you or by you and your wife on trust for the children, you would have power as trustees to advance up one half of each child's presumptive share of his benefit, which would include education (payment of school fees). Maintenance at *your own home* and payment for holidays shared with you would be more doubtful as that might confer a benefit on you as trustee.

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

BRIDGE

WHEN everything in the garden seems lovely, the expert declarer assumes, for example, that the trumps or a side-suit may be breaking badly and examines the position to see if he can overcome the difficulty. Study this deal from rubber bridge:

	N	
	♠ 8 5 2	
	♡ 9 6 3	
	◇ A J 5 4	
	♣ K 9 5	
W		E
♠ 4		♠ 9 7 3
♡ Q J 10 7 5		♡ A 8 4 2
◇ K 9 7 3 2		◇ Q 10
♣ 10 4		♣ Q J 8 2
	S	
	♠ A K Q J 10 6	
	♡ K	
	◇ 8 6	
	♣ A 7 6 3	

With East-West game, South dealt and bid one spade. North replied with one no-trump and raised the opener's rebid of three spades to four.

West opened with the queen of hearts. East played the ace, dropping South's king, and returned the two, which was ruffed in hand. In the run-of-the-mill game, the declarer draws three rounds of trumps and is defeated by the 4-2 break in clubs, losing one heart, one diamond, and two clubs.

But this declarer, seeing there was no problem if either black suit broke evenly, looked for some method which would succeed if both were unkind.

He cashed the ace of spades and both defenders followed. Then came the key play—a low club from hand ducked in dummy. East won and led back a trump, on which West threw a heart. South now crossed to the king of clubs and returned a club to his ace. The suit did not break but, because East held the long club as well as the long trump, the declarer could ruff his last club with the eight of spades while East followed helplessly.

When a cruel break comes to light the expert declarer, if he sees a chance of overcoming it, plans his play with precision. In this deal from the world championship, the declarer's play lacked expertise:

	N	
	♠ K J 5 3	
	♡ Q 2	
	◇ 8 4	
	♣ A Q 8 4 3	
W		E
♠ 10 9 8 7 2		♠ Q 6 4
♡ —		♡ K J 8 7 4 3
◇ Q 10 7 2		◇ 9 5
♣ K 10 7 5		♣ 6 2
	S	
	♠ A	
	♡ A 10 9 6 5	
	◇ A K J 6 3	
	♣ J 9	

With East-West vulnerable, North dealt and bid one club. South said one heart, North rebid one spade, and South forced with three diamonds. North gave preference with three hearts and South went to four hearts.

Winning West's 10 of spades, South cashed ace and king of diamonds and ruffed the three with dummy's two of hearts. East overruffed with the three, returning the king. The ace won, and West's failure to follow suit was a blow. South led the knave of clubs and let it run. That was an error.

The declarer can get home only by making two *coups en passant*, and he needs two entries to the table. Instead of running the knave of clubs, the declarer must enter dummy by finessing the queen, cash the king of spades, throwing a diamond, and ruff a spade.

He crosses to the ace of clubs and leads a spade. East ruffs and South overruffs. That is his ninth trick, so the declarer cuts adrift with the knave of diamonds and waits to score his 10 of hearts for contract.

E. P. C. Cotter

Michael J. Woods dodges elephants as he travels through Botswana by truck, canoe and on foot

Safari for grown-ups in an African oasis

THE LANDCRUISER rustled gently through the long grass of the woodland. Overhead, doves cooed in the young morning and in the distance an impatient baboon barked once. The early light struck a small herd of glossy chestnut impala which looked up from their grazing as we rocked slowly by.

Just ahead of us there was an elephant reaching up to pluck a bunch of acacia leaves from a high branch. The tip of its trunk twisted round the foliage and with a controlled and powerful jerk, the leaves left the tree and were stuffed into the animal's pink mouth.

It reached up again and the low sun glinted on its skin, black from the mud of an early morning wallow. We stopped quietly, the very slight change in tone as the engine revs fell causing the elephant to turn our way. It swung its ears and cracked them irritably in our direction.

The driver snicked the vehicle into reverse and I glanced over my shoulder at the track behind. At such moments you become highly aware of the possibility of stalling, and I wondered how fast the Toyota was in reverse. Fortunately this was Botswana and not a busy game park in Kenya, where the chances of another vehicle turning up behind you and blocking your escape route would have been very much greater. We waited. After a few moments the elephant resumed its browsing. Could we edge past?

As the truck rolled forward again, our eyes were fastened on the huge animal. We were almost clear when the elephant could stand the invasion of his privacy no longer. With ears outspread and trunk lifted, it snorted loudly and took several purposeful steps towards us. The vehicle sped forward. Praying that there would be no trees down across our route, we drove quickly out of reach. No doubt the animal was only sounding a warning, and would not have followed through. But faced with the possibility of several tons of charging elephant the wisest course is retreat.

For those wishing to see elephants in all their moods, the Chobe National Park and Moremi Wildlife Reserve in northern Botswana are together one of the best places in the world. Over 22,000 elephants are concentrated here, and they are very easy to watch—especially when they move in herds down to the Chobe River to drink and bathe.

Spread out along the bank in family groups, the calves lie down in the muddy shallows with only their trunks visible, while the adults shower themselves with water or cast cascades of thin mud over their backs. After a satisfactory cooling they retreat to dust themselves with talc-fine sand before melting into the bush to feed once more.

Occasionally their attentions are unwelcome. They have been known to raid tents in the unfenced public campsites for the food stored inside, and even to remove food cooking on the fire. The elephant which perpetrated the latter indignity then sat on and crushed the food store—a tin box specially designed to foil the baboons—and could only be persuaded to move with gentle bumps from the safari truck whose driver was mindful of the damage which might have been incurred had the animal chosen to sit on the bonnet.

'We sped forward. Faced with the possibility of several tons of charging elephant the wisest course is retreat.'

Chobe National Park is as large as the combined area of five average English counties, and contains a good range of wildlife. Away from the river, with its majestic fish eagles, crocodiles and monitor lizards, and its hippos lying on mudbanks like black blancmanges, the park becomes both dry and wild. Unlike some of the more popular African game parks it is unusual to see more than a handful of vehicles here, and you certainly do not find your lions by looking for the vehicles bunched around a kill. Instead you have to search hard, but the discovery is rewarding.

The stately greater kudu is a frequent sight with its fine curling horns, and we often spotted giraffe, sometimes with front legs spread wide to drink at a water hole. Warthogs ran off at our approach with their tufted tails held aloft above the grass like flags for the rest of the family to follow.

Alert impala were often in the company of baboons, whose behaviour is always interesting though sometimes too reminiscent of that of humans for comfort. One evening, returning to the camp at twilight, I spotted a cape pangolin beside the path. These termite-eating mammals are covered in scales which make them look a little like mobile globe artichokes. As this animal is both scarce and entirely nocturnal, it was a magical moment.

While Chobe is Botswana's best-known national park in the conventional sense, it is the Okavango Delta that is the jewel in the country's wildlife crown. Botswana consists almost entirely of desert, but tucked away in the north-west corner is a green and silver oasis equivalent in size to Switzerland where the Okavango River, pouring in from Angola, runs out of energy, spreads out lazily over the sand, and seeps into the ground.

There are clear languid rivers, lagoons and islands, pools covered in white and pale purple water lilies, great beds of reeds and papyrus, and a wide variety of trees.

In a dugout canoe, or makoro, propelled by a poler-guide, we swished through narrow channels, pushing past the stems of water plants to which tiny jewel-like red and green reed-frogs clung. The polers, speaking in low tones which at first we thought were mumblings, planned our route so as to take us past long-toed lily trotters and giant goliath herons to an island campsite.

As the sun sank, setting the beached makoros afire with orange, the realisation that these hollowed-out tree trunks drawn up among the reeds were our sole contact with the outside world was a sobering one.

After dinner we sat by the fire on large firm cylindrical fruits like oversize sausages. When we asked where these came from, the polers pointed almost overhead to where half-a-dozen similar pods hung on long stalks—"The sausage tree of course!"

Walking on these islands, led by these expert trackers, was an adventure in itself. On foot, the countryside takes on a different dimension, and while we kept a watchful eye open for signs of lion or any of the bigger herbivores, we could still appreciate the large numbers of noisy and colourful birds, and a variety of insects from beautiful butterflies to labouring dung beetles.

● Independent travel in Botswana became easier from April 1 when British Caledonian started the first direct flights to the capital, Gaborone, from Gatwick. Fares from about £668 return. Once in the country, small local companies like Africa Calls! (Private Bag 13, Maun, Botswana) will take you into Moremi and Chobe or into the Okavango Delta.

If you are looking for a package, Abercrombie and Kent (01-730 9600) organises flexible tours to suit individuals that take in the best of Botswana, from about £1,800.

Ronald Crichton visits French Lake Geneva

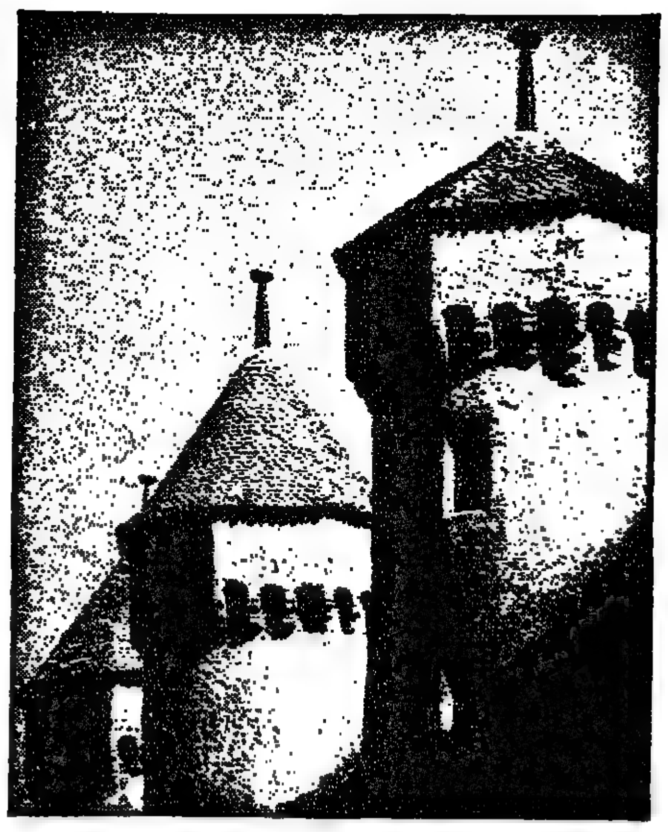
Lure of the lake

BY THEMSELVES the words "Lake of Geneva" conjure up postcard visions of the castle of Chillon backed by snowy peaks, or the comforts of Montreux and Vevey — Swiss tourism at its most serenely traditional. The Swiss have the larger share of the great sheet of water. Yet the south bank, from St Gingolph almost to the gates of Geneva, has been French since the plebiscite of 1860.

Before that, the Dukedom of Savoy of which it was part was trampled by occupying forces, shuttling back and forth between France and the reigning family, who in due course become kings of united Italy.

Nothing could look less trampled today than this smiling countryside of meadows and splendid trees, rising gently to the foothills, then to Annecy and the Alpine chains studded with famous resorts like Megève and Chamonix. From this shore, Mont Blanc is an invisible presence. The only invaders now are tourists driving through on their way to the Alps or to Italy. Those who stay to enjoy the green pastures seem to be mainly French.

Except that mountains attract rain in every season you could hardly do better for a peaceful holiday. Even on grey days when mist veils the Swiss shore and, in the evening, dims the lights of Lausanne, the water, ruffled by boats or light breezes, is a continual pleasure to watch.



The castle monastery of Ripaille, Thonon-les-Bains

Prices are reasonable. All you need to do to quieten your conscience is to translate restaurant bills back into sterling and think of the last similarly priced English meal.

I enjoy lake travel — the soothing, lazy charm, the fresh water mildness, the subdued cries of the seagulls, outdone by gabbling moorhens, the sense of timelessness as the chugging paddle-steamers cocoon you in gentle motion. Landing stage after landing stage glides past, clustered round with hotels and beyond them fantastic villas or chateaux buried in rich parkland. Some of the foreshore is private but there is plenty of room still for public walks on well-tended paths by the lapping water — tidiness in this part of France is almost as obsessive as across the Swiss border.

This is spa country, gushing with healthy waters bottled for the table, queened over by Evian, still saucily elegant with its *belle-époque* hotels and Byzantine-domed casino. I like Thonon-les-Bains, a little nearer Geneva, former capital of the Chablais district, now chief town of the department of Haute-Savoie — larger, less international than Evian, and no less prosperous-looking. It lies on the slopes above the lake, with gardens, fountains and winding streets. A funicular connects the town with the lake-port of Rives, where there is a shady square with plane trees, and dust-pits for the game of *boules*.

Along the shore to the east, beyond the bathing pool, lies the castle monastery of Ripaille, once the home of Amadeus VIII of Savoy who for a few years became anti-Pope. The castle is now a foundation, surrounded by desirable houses, an arboretum, a nature-reserve in a forest, and the vineyards which produce the very drinkable Ripaille white wine, dry and fresh (other wines of the region are Crépy and Marin, the former slightly pétill-ant), good with the lake fish which, like the deep-water, salmony *omble chevalier*, are much prized locally.

Near Thonon on the other side are Excenevex with the biggest natural beach this side of the lake and, on a promonotory, the walled medieval village of Yvoire, relentlessly picturesque, huddling round a massive castle keep.

Between Thonon and Evian is a tiny resort, Amphion, with literary associations. There is a pretty brick *tempietto* to the memory of the poet Anna de Noailles, whose villa was next door.

Proust was among her summer visitors. In his novel he transferred the "little train," which in those days puffed along between Geneva and Evian, to Balbec in Normandy. The little train has long given way to a modern railway connecting with Lyons and Geneva and with the TGV to Paris. Air travellers will find direct coaches from Geneva Airport to Thonon and Evian. Or you can cross the lake by steamer and take the trans-Europe express from Lausanne, which is well supplied with international trains.

Stuart Marshall goes east with a new Bentley and Rolls-Royce

Testing the best in Hungary

THE VIEW of Budapest from the Fishermen's Bastion behind the Hilton Hotel is magnificent. It must be one of the best townscapes in Europe. But I have to say that Hungary in general looked pretty good through the windscreen of a Rolls-Royce in late April's bright sunshine.

I went there to try the latest Rolls-Royce Silver Spirit and its peppier Bentley counterpart, the Turbo R. A people's republic it might be, but the overtly capitalist attractions of the last of the Edwardian motor cars were not lost on its inhabitants. Whenever I stopped, the workers oohed and aahed over the glistening paintwork, putting their hands inside to stroke the matched veneers and finest hide if given half a chance.

Progressing in convoy through rush-hour Budapest, the attention we received was flattering. Smoky old Trabants—an East German runabout with a two-cylinder two-stroke that Hungarians admit must be one of the worst cars in the world—kept a respectful distance. So did tatty Ladas and makes of battered lorries unknown in the West.

At least, most of them did. One Lada driver, overcome by curiosity, tailgated the Rolls-Royce in front of me. When the lights changed and he had to stop, only locked wheels and smoking tyres avoided a thump up the back that would have cost him more forints at 78 to the pound sterling than he had ever dreamed of.

But why go to Hungary to drive the latest in Rolls-Royces and Bentleys? Well, the roads outside Budapest are not exactly crowded. The motorway was more like our own under-used A20 than the M25 and we were given to understand that the 100 km/h limit need not be taken too literally.

It was different on the minor roads. The fine for going slightly over the top was £7.50, and it mattered not if you were a local in a rusty Skoda or a VIP visitor in a Rolls.

Above all, Hungary is different, yet with a more cheerful aspect than most of the Eastern European countries I have been to. The authorities are keen to promote Western tourism. And the recently opened Hungaroring grand prix circuit was thought to be a good place on which to explore the performance of the Bentley R.

So the view over the bonnet of the Rolls-Royce as I headed toward Visegrad and the scenic Danube bend was of near deserted tarmac, blossom trees and rolling hills. All very tranquil and reminiscent of rural Surrey from which the bulk of the inhabitants had fled.

The Bentley Turbo R, which costs nearly £80,000

For 1987, Rolls-Royce and most Bentley cars have fuel injection for their massive V8 engines, anti-lock brakes, electrically adjusted seats that memorise four pre-set positions and even better air conditioning. The fuel injection boosts power by 20 per cent (probably from around 200 to 240 bhp, although Rolls-Royce shows a curious reticence when asked). The Turbo R probably has around 350 bhp under its bonnet.

Although little has changed outwardly, the Rolls-Royce's character is so different it would surprise anyone who last drove behind the Spirit of Ecstasy 10 years ago. There is more road thump than there used to be in the days of crossply tyres and steering that was soggy enough not to frighten Cadillac owners thinking of moving up-market. The handling is much sharper now and the tyre thump the inevitable trade-off.

While no one would sensibly buy nearly £69,000 worth of Silver Spirit mainly to fling up and down mountains, it lifted its skirts and really enjoyed some brisk driving on winding roads. Owners who rarely make their tyres whimper would be surprised at the reserves of secure roadholding their Spirits possess.

That applies even more so to the Bentley Turbo R, the sportiest car to come from the factory at Crewe for many a year.

The almost-£80,000 chairman's hot rod is astonishingly quick off the mark, considering its two-ton bulk, and it is good for the kind of top speed one hardly dares think about, achieved in close to silence.

How fast? Last year a standard Turbo R put virtually 141 miles into an hour at the Millbrook proving ground, Bedfordshire, despite having to stay just below its flat-out maximum to moderate tyre wear on the steep banking.

On the Hungaroring's sharp curves and short straights there was enough squeal from the special Avon Turbospeeds to bring joy to a tyre dealer's heart but it handled well for a heavyweight. The main difference between a Bentley R and a Rolls-Royce Silver Spirit, turbocharged engine apart, is in the running gear. The Bentley has stiffer suspension, higher geared steering and ultra-low profile tyres on wide, alloy wheels. Although no Golf GTi, you can push a Turbo R quite hard round bends, knowing it is going to be facing the right way round when you exit.

Watching a Turbo R being driven very hard between the cones of a slalom on the Hungaroring's pits straight reminded me of a fly past at Farnborough Air Show. You knew from the sounds that a lot of metal was moving very quickly, but everything seemed to be nicely under control.

I also tried a Bentley Eight around the circuit. This is a comparative bargain at £55,000. It has much the same suspension as a Turbo R without the ultra-low profile tyres and alloy wheels, and slightly simpler equipment. With an unblown engine, it lacks the Turbo R's kick-in-the-back getaway and the narrower tyres must reduce its ultimate cornering powers.

But I thought it an enjoyable package and it went well round the circuit. It could be a car to get the younger man hooked on the Bentley or Rolls-Royce *marque*; an alternative, perhaps, to a Mercedes S-Type.

It must be the Big Bang, but Rolls-Royce and Bentley sales are on an upward trend. In the first three months of this year, Britons bought 265 of them compared with 260 last year and 203 the year before. Tax changes brought about a small dip in US sales but they went up in Europe and the rest of the world.

Everything has its detractors and I have been guilty of having a dig at Rolls-Royce myself in the past. I would not take back a word of what I have written. But it did my heart good to see the way the Hungarian men and women in the street reacted to the Rolls-Royce. I could not understand a word of their language. But I know what the answer would have been if I could have got through and asked them what they thought was the best car in the world.

Country Property

• PROPERTY •

John Brennan reports there are residential 'bargains' available in London's West End

Mayfair's revival

LOOKING for bargains in London's exclusive Mayfair district sounds improbable, particularly since more than a million square feet of office space is due to be converted back to residential use by 1990. Yet, for every agent who believes that this most rarified of housing markets could be swamping, there is another who argues that the new supply of houses and flats will help to revive Mayfair's status as an ultra-prime residential area alongside Knightsbridge and Belgravia.

Westminster Council has directed that the temporary office consents on some 107 properties—about 7 per cent of all those in Mayfair—are to end in 1990. Three-quarters of these properties marked for reversion lie within the Grosvenor Estate, which owns much of the area.

Many of the vast, mainly Edwardian town houses lying between Oxford Street to the north, Regent Street to the east, Piccadilly to the south and Park Lane to the west, were abandoned during the war. They were allowed to be used as offices under temporary planning consents in the 1940s. It is these temporary consents that are now coming to an end; and although six of the 28 applications to remain as offices that have been heard by Westminster's planners so far have been granted, it remains council policy to see the commercial brass plates removed and residents moving back.

Anthony Lassman, of Lassmans in Old Bond Street, has no doubts about the impact on prices. "Mayfair is looking fairly good value at the moment, and we have noticed a marked change in the people wanting to move into the area. There are still plenty of overseas buyers who use their flats for part of the year, but we are seeing more younger English buyers who are moving in, not only for *pied-a-terres* in town but also to live there all week. That is helping to change the nature of parts of Mayfair."

He sees this as part of a broader process as fashionable London expands eastward—"in the far east to Docklands and back into areas like Covent Garden and Bloomsbury. And Mayfair is right at the centre." If nothing else, it is entertaining to think of Mayfair as an honorary part of the East End.

At a million pounds a time for three-bedroom penthouses and at prices which, according to Cluttons, range up to a London record of £450 a sq ft for apartments in Grosvenor Square, the "fairly good value" that Lassman talks about is, of course, relative. In this case, the nearest relatives are Belgravia, Knightsbridge and, increasingly, the better areas of Notting Hill, where seven-figure houses are becoming commonplace.

Martin Sturgis, whose own offices are on Park Lane, thinks the price gap between Mayfair and the more fashionable prime areas to the west could now be 20 per cent or more. He cites prices for flats with views of Hyde Park at £250 to £300 a sq ft along Park Lane, but £350-£400 on the Knightsbridge side.

> 'The area is looking fairly good value at the moment and we have noticed a marked change in the people wanting to move into it'

Sturgis says: "If all those offices are turned back into houses and come onto the market suddenly, there would be a lot of property that would be difficult to shift. But if it is a planned reversion, with traffic management schemes like those in Pimlico, then areas that already have residential use, at the back of Grosvenor Square and off Mount Street, would be very attractive."

The balance of property use in Mayfair now is one-third office, one-third retail and one third residential. But most of the residential space is crowded into the north-west corner, above Upper Grosvenor Street and west of South Molton Street. The proposed gentrification of Mayfair, with the exile of so many offices, could certainly help to soften the business atmosphere of the area.

The changes are unlikely to soften the commercial nature of the area enough to satisfy Andrew Langton, of Aylesford. "Mayfair has been scarred with the commercial identity for too long, and it would take a long, long time to lose the image," he says.

He feels also that the scale of properties in Mayfair might restrict their value as homes today: "The houses do tend to be basically impractical; they were already becoming too big for people in the 1920s and 30s. There are houses of 12,000 and 14,000 sq feet with first-floor rooms that have ceiling heights of 19 and 20 feet or more. People didn't have the furniture to fill them, or the staff for them."

Flat conversions can resolve the excess space problem, but, even then, Langton isn't all that much of a fan of the area. "I have lived in Mayfair and I didn't like it much. There's not enough greenery, few gardens and the squares are shared with companies' staff during the day. The whole place is empty at night. Many of the people who do live there are in London for only a small part of the year.

"A mix of commercial and residential isn't a good thing. It never really works." Aylesford's valuers have been asked to look at a number of properties for residential developers considering what to do with buildings about to lose their office consents, and Langton says: "You just cannot apply the same formula as Belgravia. You have to build-in a big discount."

On the other hand, Robert Robertson, of Cluttons, does not think that the residential revival will take too long to have an impact on prices. "It will have very much of a roll-on effect. As more residential property becomes available, demand is likely to increase." He does, however, feel that demand for homes is likely to be contained within the established residential area in the north-west, and that Mayfair's real appeal as an address will remain international.

"People from around the world want to have a base in the centre of London and, internationally, Mayfair still has connotations of being the prime central area of London. It is an international market because it is at the very centre of the capital," he says.

All of which would be of mainly academic interest but for one thing. As Robertson points out: "You would certainly argue that it is cheap as an investment because you pay less for an apartment in Mayfair than in Belgravia. And yet, the international demand for flats in London means that the rents are just as high and the demand is just as great."

The new face of Mayfair ... offices out, residences in

First-time buyer blues

TRANSATLANTIC house price comparisons underscore the particular pressure on first-time buyers in Britain to get into the market, whatever the cost. This year, the Halifax Building Society, which produces one of the few soundly-based national price indices, anticipates a 14 to 15 per cent increase in prices nationally. That is much the same as last year's rise, which made the national average British house worth £46,183.

In the United States, the equivalent national survey, produced by the RELCO residential brokerage network, shows a 6.4 per cent rate of house price inflation nationally, taking the median price of an American home to $117,000 (£71,000).

Inside those averages, the Halifax research team confirms that there is no sign of any slowdown in price inflation, or in the sharp division between price increases in the job-rich south-east and the rest of the country.

Prices rose by as much as a quarter in and around London last year. Up north, increases stayed in single figures with only Scottish property recording rises of over 10 per cent. In the US the equivalent to Britain's north-south division is the contrast in prices between homes on the north-eastern and western sea boards and in the rest of the country, with New England housing taking a firm lead in prices over the past year.

RELCO reports an average 32.9 per cent price rise in the New York domitory town of Providence and a 27.2 per cent increase in its near neighbour Hartford, in the 12 months to the first quarter of 1986. That keeps New York homes at the top of the price table, averaging $207,100 (£125,000) trailed closely by Los Angeles ($199,800), Boston ($194,200), Santa Clara/San Jose ($190,900), San Diego ($185,800), and San Francisco (£175,000).

For the price of the average British home, you could make a direct exchange of properties with Mr Average in a residential street of Charleston, Wichita or Tulsa. You'd get change from the deal if you moved to Memphis, Indianapolis, Omaha or Buffalo.

One of the most useful market indicators produced by the RELCO statisticians, and sadly absent from any of the research on UK residential markets, is the brokerage network's "selling time" analysis.

It takes the average American 72 days to sell his property, which is a six-day improvement over 1985. Try to sell in Houston, however, and you would have to expect an average wait of 144 days. That is bad enough; but since last year's average was 190 days, the Houston market is at least beginning to pick up.

Home-buyers certainly don't hum and haw in Buffalo, which ranks as the fastest-selling of all the US residential markets. There, it takes an average of 14 days between putting up the sign boards and handing over a cheque.

Mind you, given the number of development pre-sales, the equivalent selling time average in some parts of London would probably be nearer minus-600 days.

J.B.

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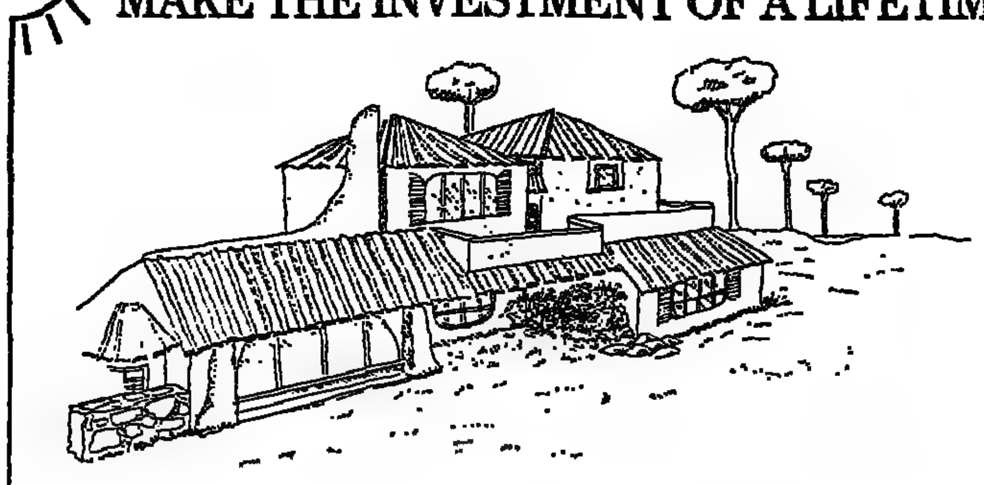

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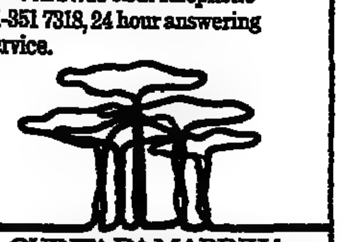

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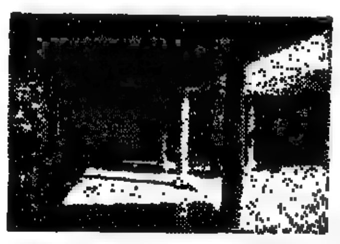

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Treasury of flowers

THERE IS great activity in the Royal Hospital grounds at Chelsea this weekend. There is no doubt that by the time the judges get to work on Monday afternoon they will find a very fine exhibition.

All available space was allocated long ago and I imagine that the only exhibitors who have had any serious problems are those who, in the face of very variable temperatures, have been trying to time short season flowers such as delphiniums and tulips to be at their peak on the day.

Lucky are those who deal in plants that flower for many months and present no such problems. Carnations can be had in bloom throughout the year and Stephen Bailey, who always stages them magnificently at Chelsea, will be combining them with three other long season flowers, modern spray pinks, gerberas and the new hybrid alstroemerias.

Alstroemerias are such splendid cut flowers that they have been restricted to the big commercial cut flower producers for the past 20 years. Only now is there a surplus and some of the older ones are being released for general sale. Stephen Bailey will be including a relatively short stemmed type named Rosy Wings but there will be even more varieties in the exhibit of P. J. Smith, the British agent for the Dutch Van Staaveren nursery which has been prominent in breeding these flowers in recent years.

Some varieties are undoubtedly hardy in warm sunny situations but there has been little experimentation with this since all commercial supplies have been grown under glass. My advice is to try them under glass with just sufficient warmth to exclude frost but, as stocks increase, do risk a few in the open in sunny sheltered borders.

Equally exciting for a conservatory, although not of any use outdoors in Britain, are the new coloured arum lilies being shown by Burncoose and Southdown Nurseries. All have been raised in New Zealand and their parentage has not been disclosed. But they are being marketed as Zantedeschia with the addition of a garden name for each variety. The two I have seen are Aztec Gold, which is a lovely suede orange inside but paler without, and Golden Affair, which is canary yellow throughout. Others will be at Chelsea and the colour range extends into pink and red.

New roses will be on view, including Solitaire, which won the President's International Trophy as the best variety in the Royal National Rose Society's trial in 1985. This is a large flowered, sweetly scented yellow rose edged with pink, raised in New Zealand by Sam McGredy. It is being introduced at Chelsea by Sealand Nurseries. New varieties from another famous rose breeder, Poulsen of Denmark, will be exhibited by Cant's of Colchester. The most interesting of them is Modern Art, which

has salmon pink flowers with white and dark red markings. It is described as a "hand painted" rose, a term coined by McGredy to describe Picasso and other red and white roses, but all his varieties were cluster flowered. Modern Art is large flowered and introduces these slightly bizarre colourings into another race.

Also of special interest is a white form of Max Graff, a sprawling pink flowered rose which has been much recommended as ground cover. I do not much relish roses as weed smotherers because if weeds do invade them, their removal can be a painful task. But when they tumble down banks it can be a very different matter, and a good white rose adding to the colours we already have will be welcome. White Max Graff is being shown by John Mattock.

I will look with special interest at Delphinium Billie Langdon, raised by that veteran grower, Stephen Langdon, and named after his wife. He says that in 60 years of breeding, it is the first delphinium he has produced that is good enough to bear her name. It will be in the Blackmore and Langdon exhibit and I find it hard to visualise Chelsea without one of them.

Chelsea is full of treasures such as these and each of us will be searching for our special fancies, but it is the spectacle that is so overwhelming. There are going to be plenty of big spectaculars to make this show memorable. Anmore Tropical Botanic Gardens is bringing another of its fine displays of exotic plants grown in the glasshouse of the Sir George Stanton Estate at Havant. Walter Blom and Sons will be there once again with all the best in May flowering tulips, and Van Tubergen is staging another of its comprehensive collections of bulbous plants, including a number of new varieties of both Crocus chrysanthus and Iris reticulata, which must have been held back in cold store.

Jersey has persuaded the Eric Young Orchid Foundation to combine with its Department of Agriculture and Fisheries in a display where vegetables and fruits will vie with flowers in producing beautiful displays. Britain's National Farmers Union will be doing something similar but on a larger scale.

There will be rhododendrons, azaleas and lots of other spring flowering shrubs from the Knapp Hill Nursery, Notcutts Nurseries, the Hillier Nurseries and many more, while both Beth Chatto and Bressingham Gardens will be displaying hardy plants in great variety and with much artistry.

We visit Chelsea to see the extraordinary rather than the ordinary, and there is no lack of inventiveness this year to engage attention. The Gourmet Garden, designed by Peter Coates for *House and Garden* magazine, seems to be the ultimate in treating the garden as extra living space. It is divided into two areas, each intended for feeding. One is under cover in an elegant Machin conservatory, the other is in the open, but with plant covered trellis to keep out the wind and a little coolie-capped pavilion for shelter from sun or rain. Even the flowers have been chosen with an eye to the table for they include such things as nasturtiums, marigolds and scented roses which will add unusual flavours to numerous dishes.

Private viewing for R.H.S. members is from 8 am—8 pm on Tuesday, May 19. The show is open to the public on Wednesday and Thursday, 8 am—8 pm, and Friday, 8 am—5 pm.

When British is best

NEXT WEEK Chelsea Flower Show is open to the public from Wednesday, May 20 to Friday evening, May 22. Like most of you I go there for the flowers. There is also the Grass-cutting Show, an avenue of gleaming red green machinery which stands by the main tent and reminds you that your gardening would be less exhausting if you had more money and more space. For years I have avoided it, telling myself it is too expensive, but really, I admit, I have been envious.

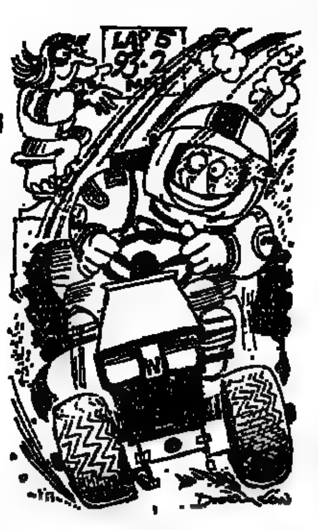
The problem has always been lack of room in which to manoeuvre. Most small gardens make a nonsense of a ride-on mower, let alone a tractor with heavy tyres. For a long time my garden fell into sections divided by sloping banks—we even described it like Heathrow Airport, as Level One to Level Three. The only way to cut it was to push something over it.

For years I pushed a remarkable machine which proved to me that love and hatred are necessarily intertwined. My Mountfield M4 Major Rotary mower was bought in 1974. It survived regular oil changes and constant collision with buried stones. It even survived the last of the Budgets for Jobs, after which I left it with a Youth Opportunities Programme conscript who put his schooling to use at its expense. He decided that controls on the handle were superfluous—and so he cut them off.

None the less it continues to work. It still cuts everything, even very tall grass and cow parsley if you learn the trick of tipping it back onto its rear wheels so that the blades have room to disentangle themselves and spin.

Ironically I bought it for the feature which I came to hate most. It had a Briggs and Stratton engine from the US, with an easy spin starter. Was Briggs or Stratton the one with abnormal strength in his arm muscles? Week in, week out, I told myself that the villain was Briggs. I pictured him in America, dressed in dungarees and a hunky check shirt, showing the doubting Stratton (a mild man, I assumed; myopic, and given to quiet scholarship) that their engine really would spin easily if you tugged on the easy spin starter string with a proper man-sized yank, not the half-hearted tug of a bookish plantsman after working hours. In the early season my easy spin starter took two dozen pulls to work. It warmed up for two months, and then wound down to two dozen pulls again by the autumn. I loathed the machine for its starter, but loved it for its stamina.

This year the M4 Major has taken early retirement; for the first time I shall be looking at the tractors at Chelsea squarely in the headlamp. My new garden might have been made for mechanised gardening. The main lawn is long and level (laid by the Church of England for a vicar in the days when clergymen practised archery and played croquet). Adjoining this holy ground is an area of rough grass, now imprinted with avenues of trees, which I have recently described



here, and the tree stumps of conifers. To cut it, I have followed most of the British tractor-public and gone for my favourite; a Westwood.

The British tractor-public has sound reasons, but these were not fully emphasised in my colleagues' FT survey on gardening tractors last month. Of course there are tougher and more expensive machines. But most tractor-gardeners do not have more than an acre of grass which needs cutting; they will not be using the tractor every week; they do not wish to spend £2,500 or more. On a five acre camp site a Westwood would not be the best choice. It does not pretend to the engineering of the new Honda (twice the price) nor the weight and stamina of the dealers' top tip, an American Wheelhorse—or, indeed the robust Lawn Flyte 16hp. But these machines are much more expensive.

The Westwood is made in Plymouth; its most popular models, the S1100 and the T1200, retail for about £1,200 and £1,350 respectively. To a veteran of the rotary pusher they are worth every penny.

I am now using a T1200 which copes effortlessly with my longer grass, cutting noticeably well if the grass is wet. It has six gears, including reverse, and turns sufficiently well to cope with the acute angles in my goose-foot design of avenues. It brakes in time to avoid the cowslips and lady's-smock; the height of the blade is easily adjusted when the stumps of the beastly old conifers come into view.

The model now comes with its power-grass collector. On a level lawn, ex-vicars and archers, its cut and trim is much neater than I anticipated. Naturally it cannot compete with the finish from a cylinder Atco, but it goes down to half an inch and its rear roller leaves you with a visible stripe on each width of the 36-inch cutting span.

The grass box holds vastly more than the old rotary's, and as a daisy lover I relish a height of cut which beheads some but not all of the daisy-flowers. The sweeper, meanwhile, removes the debris of last month's gales and will double up as a leaf-sweeper in the autumn.

The Westwood has the true stamp of a modern British machine; headlamps from Japan, wheels from Taiwan, and a gearbox and engine from America. It is worthwhile, therefore, to buy from a trained Westwood dealer who will stock spares and give you a quicker after-service (see the following list of dealers whom the makers particularly recommend).

The engine is Briggs and Stratton again, but one of them has had a change of heart. The easy spin starter is still included, but it is stowed under the bonnet as an emergency exercise-point; the engine itself has a simple ignition key. (Have Brigg's arm muscles finally given out or did Stratton strike back with the thinking man's answer of brain over brawn?) Turn the key and you are off just as soon as you raise the clutch brakes. Ex-members of the spin start rotary club will not believe it, but they may find, as I did, that they let the clutch up with such relief that their Westwood begins with a mischievous "wheelie," jumping for joy—to its detriment—at another recruit to its club.

Recommended Westwood dealers include: Winchester Gardens Machinery, Hampshire; Taylor's Tools, in High Wycombe; Ron Smith, Worcester; Bartrams in Norwich; Peter Barrow, Cowfold, Sussex; Pace, East Grinstead; Pile Mowers in Reading; Garden Lawn Equipment, Bristol.

CHESS

THE International Chess Federation (Fide) has just announced the composition of the world title interzonals, part of a global elimination series to decide Gary Kasparov's next challenger. From each of three tournaments, each of 18 players, four winners will go on to the candidates stage. So far, the only firm interzonal date and venue is Subotica, Yugoslavia, starting on June 20; it is possible that Britain will stage another of the events.

Subotica offers the best chance of at least one British candidate. Nigel Short is seeded joint No 1 with Hubner of West Germany, ahead of ex-world champion Mikhail Tal.

Next are Ribli and Sax of Hungary, Alburt and Kavalek of the US, and Chernin of the USSR. The British champion, Jonathan Speelman, is seeded joint ninth with another ex-world champion, Smyslov.

But Speelman has been in fine form lately with successes at Dubai, Bath and Hastings. When Fide's next list appears on July 1, he could even be top seed at Subotica. In 1984, when Short became Britain's first candidate, Speelman only just missed out and was first candidate reserve.

Prospects for Britain's remaining interzonalists are doubtful. Group 1, headed by Korchnoi and Spassky, includes US champion Seirawan and three strong Russians. Tony Miles is seeded joint number seven, but his present form is variable.

Group two has Ljubojevic, the Yugoslav who shared first prize with Kasparov at Brussels. Next are Portisch, Andersson, and (joint fourth) Belyavsky and John Nunn, who has a borderline chance to qualify but will need optimum form; while Glenn Flear is only number 13 seed.

Thus, Subotica next month looks a major test of Britain's credibility as challenger to Russia's domination in world chess, and of Nigel Short's recovery from his disaster at Brussels. For although our chess olympic silver medals of 1984 and 1986 made a deep impression, victories at the highest level in individual competition are still what matter most.

While waiting for his interzonal, Speelman is taking on all-comers in simultaneous play. Tomorrow, he meets up to 40 opponents at the Sternberg Centre, 80 East End Road, Finchley, London N3, starting at 3.30. On Saturday, June 13, anyone can challenge him in a "Batsford chess roadshow" at Hatchards, 187 Piccadilly, London W1, from 1-4.30 pm.

Last week, Speelman beat 28 out of 33 opponents from banks, insurance firms and stockbrokers in the annual Lloyds Bank City Trophy. His best win showed how to refute passive black play in the Sicilian Defence. Black missed 11...N-K4! when his knights can go to QB5 and KR4, and was steadily driven back as the grandmaster controlled the board.

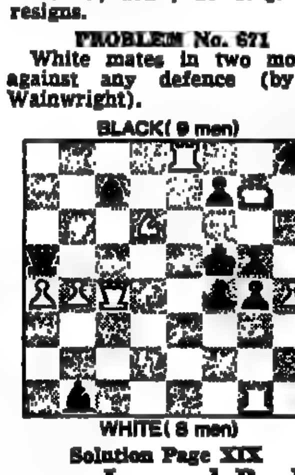
White: J. S. Speelman. Black: R. E. Jones (NatWest). Sicilian (Lloyds Bank City Trophy 1987).

1 P-K4, P-QB4; 2 N-KB3, N-QB3; 3 P-Q4, PxP; 4 NxP, N-B3; 5 N-QB3, P-Q3; 6 P-KN3, B-N5; 7 P-B3, B-Q2; 8 B-K3, P-KN3; 9 Q-Q2, B-N2; 10 P-KN4, R-QB1; 11 P-KR4, P-KR4? 12 P-N5, N-R2; 13 B-K2, N-K4; 14 0-0-0, N-B1; 15 P-B4, N-B5; 16 BxN, RxB; 17 P-B5, Q-B1; 18 KR-B1, B-K4; 19 K-N1, P-N3; 20 N-Q5, Q-N2; 21 P-N3, R-B1; 22 B-B4, PxP; 23 BxB, PxB; 24 NxBP, BxN; 25 PxB, Q-B3; 26 P-B6, N-N3; 27 PxP, NxKP; 28 N-B6 ch, K-B1; 29 N-Q7 ch, resigns.

PROBLEM No. 671

White mates in two moves, against any defence (by J. Wainwright).

BLACK (9 men)



WHITE (8 men)

Solution Page XIX

Leonard Barden

• WEEKEND FT REPORT •

Italian Tourism

Fall-out from Chernobyl, shootings at Rome airport, the US bombing of Libya and the weakening dollar led to dire forecasts. But Italy's lure to foreign visitors has proved durable

TEMPORARILY, it seems, a good many foreigners departed from the view last year that Italy is one of the most enchanting countries in the world in which to spend a holiday.

American deaths at the hands of Arab terrorists during a shoot-out at Rome's Fiumicino airport at the end of 1985, followed by the death of an American tourist during the Arab hijacking of the Italian cruiseliner, the Achille Lauro, provoked uncommon fears in the US of rampant terrorism. Radioactive fall-out from the reactor at Chernobyl put an additional dampener on the attractions of travelling to Western Europe.

The principal defectors were American for whom a weakening dollar was also adding significantly to the costs of vacationing on the old continent. Their absence was noted and lamented by an industry hoping to make much more than the L12,000bn (£5.6bn)—the largest single contributor to Italy's balance of payments—which was eventually pocketed from foreign tourism.

The fact that taxis were much easier to obtain in Rome and Florence in June, July and August was no consolation to the 15,000 or more Italians whose expectations of employment were flatly disappointed by hotels and restaurants swiftly cutting their staffing to match a significantly reduced demand.

Yet the most pessimistic forecasts of a dire year for Italian tourism were not fulfilled. True, the numbers of American tourists slumped by no less than 37.1 per cent to provide 4.622m tourist days but the loss was more than compensated by a surge from northern Europe. The numbers of British tourist days spent in Italy leaped by 26 per cent to 7.567m while Italy remained a comfortable playground for West Germans whose total of 45m was 7 per cent higher than in 1985.

Far from being, therefore, "Un Anno Disastroso" 1986 saw the number of foreign tourist arrivals fall by only 1 per cent while days present rose by 4 per cent to 100.6m, according to figures compiled by Enit, the Italian Government's travel office. Which is not to suggest that there were no painful consequences from the sharp fall in American visitors. In Florence and Rome, the first and second class hotels did not succeed in fully covering these absences while in Milan, which seems to be struggling these days as a tourist attraction, total hotel occupancies were down by 5 per cent.

While by no means the most agile when it comes to promotion, the Italian tourist authorities have reacted reasonably smartly in trying to entice free spending Americans back. Enit, Alitalia, the state airline, and the Federation of Hotel Operators, pooled resources last November to launch a media campaign in the US aimed at reassuring the nervous about the security of Italy.

A television commercial showing a young American family happily, and safely, doing the sights in Rome and elsewhere appears to have helped. "Americans did return this Easter, not in huge numbers but enough to give a good signal," Giampiero Gallian, Enit's director general, says.

Easter proved to be a bumper season, helped by an unforseen inundation of visitors from Japan. More than 327,000 came to Italy last year, 14.6 per cent more than the year before, and certainly anecdotal evidence suggests that the numbers, coasting along on a rising yen, will be even higher in 1987. "We really did not anticipate this phenomenon," said Gallian with the satisfied air of a man pocketing a surprise inheritance.

The relative ease with which Italy can be successfully marketed as a vacation centre is gradually raising the question as to whether some cities can really cope with bumper years. The authorities sometimes seem to forget that Italians themselves are hugely attracted to holidaying in their own country—more than 38m of them did so last year.

A coincidence of a large number of Italians and of foreign tourists can produce the sort of problem that Venice now feels it has to tackle. During this year's May Day weekend, the Serenissima appeared to be in danger of sinking under the weight of an intolerable number of visitors. Some of its narrowest thoroughfares had to be turned into one way pedestrian streets and the causeway linking it to the mainland closed very early in the day.

Fearfully aware that tourists who have been forced to spend most of their day shuffling sweatily from one overcrowded church or art gallery to another may not wish to repeat the experience. The Venetian city fathers plan to try to regulate access from June and for the rest of the high season.

This will be done mainly by introducing an advance booking system for cars and coaches seeking to park in the Piazza Roma, one of the main departure points for vaporetti plying their way towards the lagoon. Once the available parking has been filled, the causeway will be closed and the warning to tour operators and private motorists is that advanced booking will be vital to avoid a wasted journey. The target, Venice says, is the single day or part of a day visitor. Those with hotel bookings are assured access.

A similar, though rather more dangerous problem of overcrowding, can be found at certain times on the 6,000 kms of Italian motorways. Though the road system is superb—albeit short of six-lane motorways—it can become enormously congested when one of the most highly motorised peoples in Europe motor for holidays at the same time as a large number of foreign tourists. Any visitor who does not enjoy long delays at motorway pay stations should definitely plan journeys so as to avoid the first and last weekends in August.

Overcrowded beaches, towns and restaurants can also be avoided by travelling to the south of Naples, or to parts of the east coast. Though no one can expect to sunbathe in solitude in July or August, nor to wander in exquisite loneliness around an historic remain, the south, as in so many other things, remains relatively underexploited as a tourist attraction. It has many good beaches and generally cleaner waters than many parts of the north and rather more art and architecture to enjoy than is commonly realised.

But its tourist season is much shorter than many places to the north and this is reflected in some prices. Italy, as a whole, is not a cheap country although Gallian maintains that the price disadvantage in comparison with Spain is more than offset by the higher quality of holiday available in Italy.

It is also true that a little diligent shopping around for restaurants and hotels can be rewarded by very good value for money. When you add in a wonderful climate at no extra charge, and a local people who cannot always be charming but never cease to be enjoyable, it is not difficult to understand why Italy is probably the most popular tourist destination in the world.

John Wyles

Jewels scattered in the sea

Islands

TRADITIONALLY, THE Italian islands have served two purposes—as places to escape from, and places to escape to. A few of the 30 or so scattered round the mainland are still prisons, but the majority have become escapist leisure resorts of almost infinite variety.

Capri, Lipari, minute Stromboli, remote Marettimo, and the Tremitis way out in the Adriatic have joined their much larger sister of Sicily and Sardinia to become the focal point of today's tourist development. If you need solitude it is there for the price of a ferry-ride. If you prefer noise and nightclubs, you can get that too.

Take the islands in the Bay of Naples, visible through the heat haze from the lower slopes of Vesuvius. There is Capri, as beautiful as ever, and one of the few places that lives up to its reputation as the ultimate dream island. It is almost too perfect, and in season very crowded. There is one other small snag among the hotels and nightclubs. It is almost impossible to reach the beach.

Then there is Ischia, with its hot mineral springs, sweeping beaches, and volcano in the middle—again a beautiful spot, and tailor-made for tourism.

And that has become the island's success, a boon particularly for the Germans who dominate the tourist influx and monopolise many of the beaches; a disappointment for those who would rather see sand than flesh. Ischia in high season teems with humanity, if that it what you want.

The third island, Procida, is very different, and probably comes closest to the ideal of an island holiday. Its noisy neighbours take most of the tourist demand, leaving Procida's fishing villages and many churches much as they have been for the past 400 years.

There are hotels, and some night life, but these are not thrust down your throat. Instead, they grow the best lemons in Italy, and make magical dishes from the local rabbit.

The contrasts within the Neapolitan islands is repeated to a greater or lesser extent in the other main groups. For instance, the Tuscan archipelago contains Elba, of which every schoolboy has heard, but also six others which reflect the Italian island "escapist" tradition. Three are prisons, one is a nature reserve, and two—Giglio and Giannutri—have been developed for the holiday trade.

Elba itself is so full of beaches that you actually can see the sand for the flesh, and also enjoy good Tuscan cooking, washed down by equally good wine on which the Elbans pride themselves. Just a bit like Corsica, it has a rugged beauty well worth the exploration, with none of the disadvantages of the more developed resorts.

Giglio is much smaller, again well developed for tourism, and as a consequence the tourists here stand out more, but it is a good enough spot for those who like crowds. The contrast with Giannutri is total. This small island is still not continuously inhabited, because of lack of water, but it does hold some holiday homes and accommodation. A holiday here must be like Arthur Ransome with sun and sea, with little else to do than lounge the time away.

The list does not stop here. You can pick the Tremitis in the Adriatic, with their pine trees and white cliffs, or that great range of islands off Sicily, particularly the Aeolians, two of which—Vulcano and Stromboli—are still actively volcanic. It takes effort to reach them, but the reward lies in the simplicity and charm of what you find there.

Which brings us to Sicily and Sardinia, so large in contrast, that they scarcely fit the island holiday category. But they are both worth far more than one visit, and both will repay the cost of hiring a car tenfold.

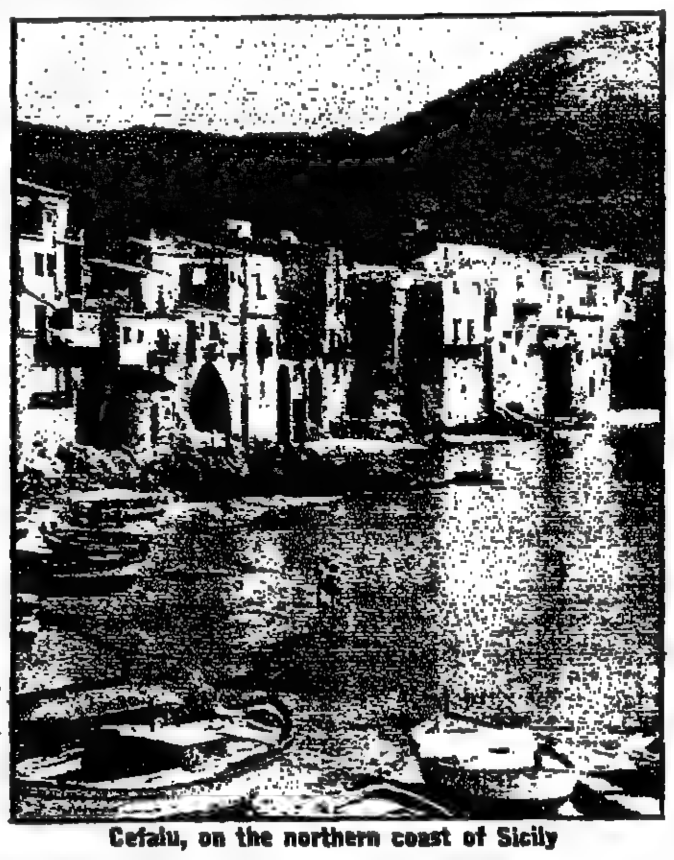
Sicily particularly is a touring centre, with its temples, cathedrals, bustling towns, and that faded jewel in the Mediterranean crown, Palermo. Whether you choose the resorts like Taormina to the east, or the still unspoilt villages on the western side of the island, you cannot go wrong—at the least it will sharpen your sense of history.

Sardinia has developed in a different way, with considerable industrial development, but also one of Italy's most upmarket holiday developments at the Costa Smeralda on the north east coast.

Twenty five miles long, but with intelligently planned development and imaginative architecture, a two-week villa holiday, with car thrown in, can cost in high season as much as £1,000, and that is per person. But on an island only just smaller than Sicily, you have a wide choice of resort in any of its four provinces.

FURTHER INFORMATION: By far and away the best guide to the Italian islands is Mediterranean Island Hopping—the Italian Islands, by Dana Facaros and Michael Pauls, published by Sphere, which details all accommodation, and methods of travel, together with telephone numbers. You also get the French islands thrown in.

Roger Beard



Cefalu, on the northern coast of Sicily

Short and sweet city breaks

AMERICANS have always envied Europeans for their physical proximity to the treasures of the Old World, particularly those in Italy. For North Americans—not to mention South Americans, Australians or Asians—the distances are such that travel to Europe generally means finding a time of the year when family or work commitments allow organising a trip of two weeks or more. Europeans instead are able to contemplate the possibility of more frequent, short-break visits to Italy's "Citta d'Arte"—literally, cities of art. Thus, it should be good news for British travellers that tour operators are now offering a series of short-term city packages to places as varied as Agrigento, Bari, Bologna, Catania, Florence, Genoa, Milan, Naples, Palermo, Pisa, Rome, Siena, Sorrento, Stresa, Udine, Turin and Venice that can provide an exhilarating three, four or five, six or seven-day break from the routine of everyday life.

For those who prefer lolling about to more energetic sightseeing, there are some new week-long holiday packages to less well-known Italian destinations like Maratea on the coast of Basilicata in southern Italy.

The first-time round most foreign visitors choose Rome, Florence or Venice, or a combination of all three. There are ample reasons why these three cities, living museums full of inimitable medieval and renaissance glories, continue to play host to the bulk of tourists from abroad. But for the adventurous and for those who have the chance to return, Italy offers a plethora of possibilities. Indeed, the broad short-break packages that Italiatour, the Alitalia travel subsidiary, is now selling to foreign tour operators reflects a conscious decision in recent months by Italian tourism authorities to take advantage of this country's artistic and geographical richness. The new slogan is "Italy, there's more to it."

Palermo

The capital of Sicily, Palermo nestles on the edge of a fertile plain, the Conca d'Oro, after its now vanishing orange groves. The city, first founded by the Phoenicians in the eighth century BC, is bordered on the one side by the Mediterranean and, on the other, by an austere range of dusty-brown mountain peaks. Successive waves of foreign invasions—Greeks, Romans, Arabs, Normans and Spaniards—have left their mark on the monuments of a city that unfortunately is today known to many only as the seat of an extensive criminal empire run by the Italian Mafia. Although many of the newer areas have little to offer in aesthetic terms, old Palermo is a confusion of narrow streets and large piazzas, outdoor markets with a soukish Arab flavour, byzantine domes and gothic cathedrals. In the Vucciria market not far from the port, the most important on the island, fish sellers wail paens of praise over their morning catch, at the church of San Domenico a handful of nuns still prepare local pastries, like the pistachio-tinted mound of almond paste known as "the pleasure of the throat," or the better known Cannolli.

Visits to some of the city's magnificent monuments—the Martorana church with its stunningly-beautiful Byzantine mosaics (no to mention those at the huge cathedral in suburban Monreale), the 8,000 mummies in the catacombs of the Capuchin convent, central Piazza della Preoria with its Florentine marble nudes, and the Palatine chapel inside the Palace of the Normans—will provide plenty of stimulation.

While on the island, it might also be worthwhile to take advantage of another Sicilian tour offered, like a city package to Agrigento, on the opposite coast of the island. Akragas, as it was known in ancient times, is the seat of a series of magnificent fifth and sixth century BC Doric temples and a small but modern and excellently appointed archaeological museum.

Milan

A northern Italian city with an uncertain climate that today is recognised primarily as the centre of Italian design, fashion, finance, and big business, Milan is often ignored by tourists. But ancient Mediolanum, as the city was originally called, has a great deal to offer the imaginative traveller. For one thing, the city has gradually acquired a reputation as a location for some of Italy's finest restaurants. But it is also the seat of some hugely impressive monuments that can be easily taken in, perhaps combined with shopping, during a three or four-day visit.

Other than the La Scala opera house, the best known of the Milanese art treasures is Leonardo's Last Supper in the refectory of Saint Mary of Grace, which at the moment is in the final stages of restoration and therefore closed to the public. But there are several other magnificent old churches—for example the Romanesque Basilica of Saint Ambrose, the city's patron saint, and Saint Estorgius—and fine museums like the Brera Pinocoteca, the Ambrosiano Library and the Poldi Pezzoli. And for serious art and architecture lovers, the Milan Cathedral with its gargoyles and 135 spires, its magnificent pavement and choir, is a treasure house that could keep a visitor busy for days.

A visit to Milan could easily be combined with a package to either Lake Como or Lake Maggiore, where a stay could be used to see something of the lovely district around seven lakes of glacial origin, the others being Orta, Lugano, Varese, Garda, and tiny Iseo with its charming Monte Isola island. This is an area of Italy that combines elegance and quiet with striking natural beauty and botanical variety. Bellagio on Lake Como is famous for its beauty, and the luxuriant tropical and semi-tropical vegetation lining the shores of Lake Maggiore is breathtaking. Isola Bella in the lake has a charming, picture-postcard castle.

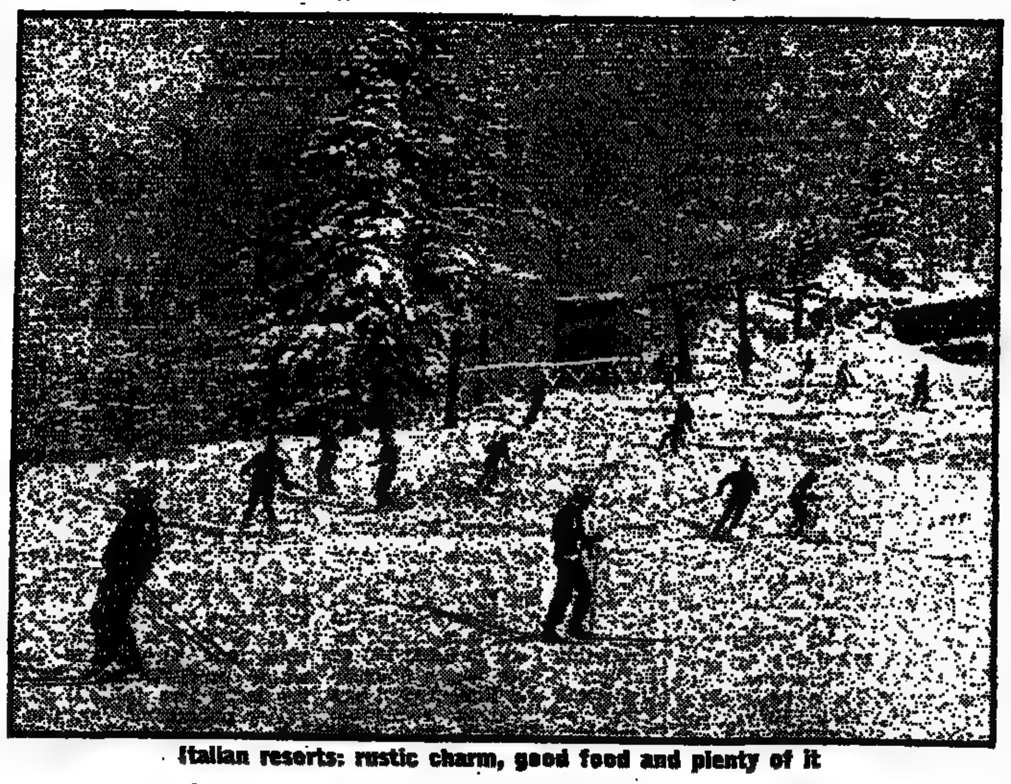
Genoa

Genoa is the capital of the Italian region of Liguria, as well as Italy's major seaport. It was, together with Pisa and Venice, one of Italy's three maritime republics and in medieval and renaissance times was known for its fleet the world over. Ruled at various times by both the French and the Spanish, Genoa is not one of Italy's most beautiful cities, although thanks to its separation from the rest of northern Italy by a mountain barrier, it has a mild, generally sunny climate. But there are several interesting monuments, particularly the San Lorenzo Cathedral and the 13th century church of St Matthew where the 15th century sailor, Andrea Doria, is buried.

Genoa is also an excellent jumping off point for a week's holiday on the Italian Riviera. Portofino, where the rich of both Liguria and Lombardia, dock their boats, and nearby Camogli are as lovely as their reputation would have it.

- Operators offering short-breaks to Italian cities from London include Magic of Italy (01-743 9900), Citalia (686 5533), Thomas Cook (499 4000), Horizon (493 7446) and Hayes and Jarvis (235 4060).

Sari Gilbert



Italian resorts: rustic charm, good food and plenty of it

An uphill trend

Skiing

ITALIAN SKIING—for long regarded as something of a poor relation to its Swiss, Austrian and French counterparts—seems to be staging a recovery.

As a cheap(ish) cheerful and frequently picturesque alternative to the fat cat resorts in more fashionable parts of Europe, there has nevertheless been a psychological question mark about the quality of Italian skiing. Even before the recent spell of lean early winters, Italy's snow record was more suspect than some. At the same time they made the mistake of putting up their prices. The net result was a disturbing shift away from Italy by many skiers, including a good many from Britain.

There has also been a nagging suspicion that the rescue services in Italy, rather like Spain, were not quite in the top league.

The Italians, rather like the Austrians before them, have realised that they were taking too much for granted. A fresh surge of lire is being injected to improve both the resorts and their image. Italy is trying hard to get itself back on the ski-map of Europe.

Its resorts often make a delightful change from some of her more Teutonic neighbours or indeed those purpose-built French resorts which are often a little uneasy on the eye.

The Aosta Valley, for example, is one of the most delightful areas I have ever skied in, regardless of country. The rustic charms of the vignette resort of Courmayeur nestling in the shadow of the mighty Mont Blanc are well documented.

Here is the ideal resort for an intermediate to hone his or her skills before perhaps moving on to a wider canvas. It is also the home of the dreaded Maison Filippo Restaurant to which you should give a wide berth or suffer a wide girth. They offer 36 courses—and even the most ferocious of eaters, myself included, may start to wilt around 12 if they gorged themselves during the opening courses. I seem to remember only managing 24 or so . . . not a quantity that can easily be "skied off" the following day, no matter how many National and Competione runs one skies.

A far less well-known resort—in fact regarded by its devotees as a well-kept secret—is neighbouring La Thuile. (Like Courmayeur, it sounds French because once it was).

La Thuile was a revelation. So often one expects little-known resorts to be quaint but limited. This one has almost endless potential. The skiing is extensive and wide open, and is linked with the French resort of La Rosiere. We enjoyed skiing here so much that we continued even in the middle of a blizzard which would not have been out of place in the Arctic. When blue skies returned in the late afternoon it was merely to confirm that La Thuile is splendid skiing country.

Moving on up the valley towards the Swiss border, one encounters a fascinating group of resorts collectively known as Monte Rosa Ski. Those who have skied in Zermatt will be familiar with the awe-inspiring view from the Gornergrat—dominated by that famous series of peaks from the Matterhorn to the Monte Rosa.

From Cervinia one sees the less familiar side of the Matterhorn—almost like viewing the other side of the Moon. But from the Monte Risa ski area, one has yet another view of the famous peak. Only the summit can be seen sticking up above other peaks in the foreground, giving the impression that it is part of another mountain. It is rather as if the clock face of Big Ben had been stuck on the top of St Paul's.

The skiing here is superb, although we were lucky enough to encounter it in near-perfect conditions. We made the round trip between Gressoney-La-Trinite and Champoluc—an exhilarating tour of wide, sweeping slopes, long runs, scintillating off piste all with a backdrop of wonderful scenery.

Another Italian area where the scenery takes your breath away is the start of the so-called Milky Way tour between Montgenevre (France) and the rather maligned Sauze d'Oulx. This route—through Claviere and Sestriere—makes a wonderful day out for strong intermediate skiers. It's not too difficult, and the views on the first leg across the Italian border are stunning.

It may have been my imagination, or perhaps it was just that the Italians looked browner, more colourful and wore jazzier sunglasses, but I could have sworn the sun sizzled more as we crossed the border.

If you like your skiing to be smart (and therefore expensive) don't miss Cortina, the Zermatt of Italy. This is considered to be Italy's most up-market resort, and as a result is full of furs and fashionable shops. The skiing—in three areas—is excellent, with the Tofana Run a challenge to anyone. On the edge of the Dolomites, Cortina is far the most interesting ski resort in the area which is otherwise beautiful to look at but on the tame side to ski.

Livigno—one of the longest and grimmest transfers in Europe—is worth getting to in spite of the unpleasant journey if you are a strong beginner or moderate intermediate seeking to practise your skills on motorway, roller-coaster runs.

The so-called "German" side of the valley (the lift company was once German-owned) can be more of a challenge when its steeper slopes become icy too. The other side gets more sun and is ideal for carafree, scarefree skiing.

Livigno—once a penal colony—is spread long and thinly along the valley which makes it rather difficult to get about. It is a duty-free area, and if you have the strength, you can buy gallon bottles of spirits.

Another old favourite is Bormio. Like Livigno, this is a good straightforward but limited resort where intermediates can work on their technique and style and still enjoy good skiing.

I cannot wait to return to the Aosta Valley. It looked so beautiful I might even leave my skis behind and go back this summer.

Arnold Wilson

Like Mama makes it

Food

WHAT DO Italians eat for breakfast? Melon and Parma ham? Minestrone? Spaghetti bolognese? Endless bits of veal? Ice-cream? The original question is not as idiotic as it seems. None of the conventional ideas of typical Italian dishes fits the bill. In fact little by way of Italian food eaten outside the country can prepare you for the richness and variety that real Italian cooking can provide.

Real Italian cooking? There is no such thing. We could just about get away with a regional classification, but in reality this is for convenience only.

As Marcella Hazan writes in the introduction to the *Classic Italian Cookbook*: "The cooking of Venice, for example, is so distant from that of Naples, although they are both Italian cities specialising in seafood, that not a single authentic dish from one is to be found on the other's table. There are unbridgeable differences between Bologna and Florence, each the capital of its own region, yet only 60 miles apart. There are subtle yet significant distinctions to be made between the cooking of Bologna and of other cities in the region, such as Cesena, 52 miles away, Parma 56 miles as Modena just 23 miles to the North."

It is a situation that is hard to understand in an English context. There is a fat book on my shelves called *La Vecchio Milano in Cucina*. It is rather difficult to imagine a parallel volume called "Traditional Recipes of Birmingham." Much of the intense regional identity that characterises Italy has disappeared in England.

Consequently, there is not a national cuisine to which one can attach easy labels. There is no division, as in France, for example, between *haute cuisine* and *cuisine bourgeoise* (incidentally it is worth remembering that it was the Italian chefs introduced into the court of France by Catherine de Medici when she married Henri II that gave the impetus to the development of French Cooking). The Italian culinary tradition is individual and domestic for the most part. You won't find a marked difference between the food you eat in restaurants and that you eat in people's homes, except, quite possibly, the food in the home will be better.

Into this essential domestic base have been absorbed an extraordinary range of historical influences as well. The Roman taste for sweet-sour sauces reappears in agrodolce sauces. Pasta, that most Italian of staples, came to the country via the Middle East: it was certainly well established in Italy before Marco Polo returned from China. Venice was responsible for removing the spice trade with the Far East that had once flourished under the Phoenecians. Further south, pizza and the grilling of meat and fish betrays the Arab influence.

In short a comprehensive guide to the cooking of Italian regions in 600 words is out. But there are one or two broad generalisations I think one can make without coming to much harm. For example, in northern Italy, Piedmont and Lombardy especially, you are quite likely to find that cooking is done with butter, that rice is very often preferred to pasta as a staple, as in risotto; and that polenta (cornmeal) does duty as a kind of intestinal doorstep.

The plains of Emilia to the east produce much of the wheat that makes the durum flour that makes the pasta, particularly pasta all'uova (fresh pasta made with eggs), the commonplace glory of Italian cooking. Moving south to Tuscany olive oil takes over as the principal cooking fat, and the combination of fresh pasta and olive oil become the characteristic elements of the regions until we come to Naples and the south. Here poverty and climate have combined to produce a different form of pasta, *pasta asciutta* or dry pasta, the form we are most used to seeing in England; and of course pizza.

But this rapid gloss will tell you nothing of the white truffles of Alba, of the milk fed lamb of Lazio, of *totani al prezzemolo*—baby squid with parsley—*ricotta in carrozza* of Calabria or the eel soup of Commachio.

Nor does it tell you what Italians eat for breakfast. Last Easter Sunday I sat in warm sunshine in the Abruzzi, sharing in a traditional Easter breakfast. A plate of salamis was followed by a frittata—a sort of omelette—of wild asparagus. The eggs came from hens down the hill and the asparagus from the other side of the valley. Finally, we tucked into a slab of cake known in the family as a manhole cake. The whole lot was washed down with local white wine: I don't pretend Italians breakfast like this everyday, but it is rather different from what you expect after a lifetime of eating in Italian restaurants in London.

Peter Fort

A land of vineyards

Wine

ITALY IS not only the largest wine-producing country in the world; it also produces a greater variety than anywhere else. As one comes down the Brenner road towards Bolzano one sees vines planted precariously on mountain terraces, and if one stands on the southernmost tip of Sicily, beyond Syracuse and Noto, there are carpets of vineyards in sight.

Until about 20 years ago it was a very provincial wine industry, with little central control. To some extent it remains a peasant product but Italy's entry into the EC made nationwide reform and control essential. So a system, similar to the French Appellation d'Origine Contrôlée, was set up in 1965, with only stipulated grapes and restricted yield being permitted under the Denominazione di Origine Controllata regulations. There are now well over 200 DOC wines, and in Piedmont and Tuscany five with the higher rank of DOCG, "garantita," imposing stricter national control.

If one enters Italy over the Mont Cenis pass, the first wine district encountered will be Piedmont, which includes not only two of the top wines—Barolo and Barbaresco, both DOCG—but a typical variety. The commonest wine is Barbera, with several local DOC variations, such as Asti and Alba. But there are also Grignolino, Freisea, Dolcetto, Ghemme and others. Barolo, Barbaresco and some the lesser wines are made from the Nebbiolo grape, but it is called Spanna in Gattinara, produced north of Novaro. And it is hardly necessary to mention that Asti Spumante is made in Piedmont, though in Cuneo rather than in Asti; and one of Italy's best dry white wines, Gavi, comes from south of Alessandria.

If the route into Italy is via the Aosta Valley there are two very small district wines made from the Nebbiolo grape: Donnaz and Carema. The trellised vines are supported on the mountainsides by stone posts first devised by the Romans.

On the other side of northern Italy there are positively fountains of different wines: dry German-type wines in the Alto Adige, red Kalterspree, white Riesling and Gewurztraminer. In the Trentino there are more red wines, notably Teroldego. Further east is Friuli-Venezia Giulia, with its huge expanses of flat vineyards, celebrated for its white pinot Grigo and Grave del Friuli's reds and whites.

From south of the Trentino, around Verona, come two of Italy's best-known wines: Valpolicella (with its cousin Bardolino) and Soave; admirable for summer drinking in a shady corner or cool restaurant in Verona or in some of the most splendid of Italian towns in the region.

Tuscany is the wine heart of Italy, and Chianti the one Italian wine known at least by name all over the world. Since it was made DOCG wine in 1984, quality has increased and quantity has decreased. But the aristocrats of the region are Brunello di Montalcino and Vino Nobile di Montepulciano, produced around these two towns that lie south of Sienna. The best-known Tuscan white is the Varnaccia from the many-towered San Gimignano.

Adjacent to Tuscany and somewhat in its wine shadow is Umbria, whose popular wine is Orvieto, dry and semi-sweet. But Umbria's finest is the remarkable Rubesco di Torgiano, from a DOC vineyard south of Perugia planted less than 30 years ago.

To the east, and extending to the Adriatic are the Marches, whose wines are not familiar here in Britain, except for the Verdiccho, produced inland from Ancona. In fact more red wines are made here than white, notably Rosso Conero and Piceno.

Surrounding Rome are a mass of minor wines, with Est Est Est in the north near Viterbo, Frascati from the Alban Hills to the south of Rome, and a recommendable red, Cesanese, from near Frosinone.

Further south the Abruzzi and the Campania are not well-known for their wines, although the former has a red wine somewhat misleadingly called Montepulciano, while the latter has the reputable dry white Greco di Tufo, a good red Taurasi. The region's sweetish Lacryma Christi is more well known.

That leaves the two islands: Sardinia and Sicily. Sardinian red wines tend to be powerful, the whites full-bodied. It is noted for its Moscatos and its dessert Malvasias. Sicily is an enormous wine producer, making nearly 1bn litres a year, much of it exported to strengthen the thin wines of the Midi. The best known Sicilian wine is the brand Corvo, but better is Regaleali from defined vineyards. Both produce red, rosé and white.

Edmund Penning-Rowsell

They're getting there

Trains

THERE IS only one unbreakable rule on Italian trains; adults stand up for children, particularly those three year-old charmers with their dark almond eyes—and happily so. For train travel is a *passegiata* on wheels, all chatter, chaos, and good-humoured jostling.

It is the people's preferred way to travel, and the last cheap rail network in Europe. Its tracks criss-cross the country like the veins on a pensioner's leg. Almost wherever you want to go, the train will get you there.

You can travel from Milan to Venice, a four-hour trip, for under £8, or cover the 900 kilometres from Rome to Palermo for less than £20. Small wonder that Italians and their foreign guests take to the train by the millions, whether or not they live up to Mussolini's promise to run on time.

They are also great fun, from the moment you enter the railway station. To take a glass of posecco on Venice station puts our revamped Waterloo in the shade. Not for the Italians that solemn shuffle for the train home. They actually enjoy the experience.

At the top of the range is the Super-Rapido, the businessman's specials running between the major Italian cities, charging first-class fares—roughly double second—and a special supplement. And they still price the internal air services out of the market.

If you don't want to pass the time staring at all those Gucci shoes, you can take the Rapido, which also charges a supplement of about 30 per cent the standard single fare for its service between the major towns. Alternatively, there is the Espresso—long distance trains stopping only at major stations, but alive with a great jumble of excitable Italians.

Better by far, though, are the Diretto, stopping at most stations, and the Locale, stopping at all. Depending on how much time you have, and whether your body can stand the bruising, the Locale is the best of all.

What you will need is the travel at will ticket, bought here or at the main Italian stations, and only available for the tourist. For about £60, you then have unlimited travel throughout the network for 15 days, with similar rates for different periods of time.

Alternatively, up to five people can use the reduced-fare chilometrico ticket, valid for 3,000 kilometres and 20 journeys, for just over £50 second-class and twice that first. They really are giving it away.

Ordinary fares, too, are by no means as variable as they are on British Rail. They are charges strictly on the mileage covered, wherever you are in the country, whether you are a Milanese commuter, or a Calabrian peasant.

Where to go? Why not plan a series of cross-country routes—Naples-Caserta, Benevento-Foggia—would do for a start, away from the coast and through the heart of southern Italy.

Or you might take the long run from Turin to Verona, passing through Vercelli and Novara, and stopping of at what must be the grandest and silliest railway station in the world, Milan, before moving on to Brescia and Verona. You can work a complex but rewarding journey out from Pisa to Florence, then to Perugia, Terni, and Rome. The permutations are endless.

To start you off you will need that bible of the railway buffs, Thomas Cook's Continental Timetable.

This provides the times and routes of the main lines, together with useful timetables of ferry services and also route variations. Worked in conjunction with locally available timetables, you should be able to get almost anywhere in the country you choose.

There is a word of warning, though. The most interesting trains, ie the local, stopping ones, are very short on luggage space, and there can be a considerable amount of walking when changing trains. So, travel light.

Perhaps the best trip of all is the one down the spine of the country from Bologna to Brindisi, running parallel to the main east coast line but at half the speed. It passes through places you will not have heard of, and country you would not otherwise see. Well off the tourist route for much of its length, it is quite the best way to witness the contrast between the north and the south, not just in scenery but in people.

Roger Beard

Do's and don'ts

Car Hire

YOU CAN hire a car in Italy from an international operator, sometimes with disastrous results, or from a local operator sometimes with complete satisfaction. From Turin to Palermo, I have had both experiences. But there are still some basic guidelines.

Check first with your British travel agent for any special deals, particularly those that make use of reputable Italian carriers. Specialists such as Quo Vadis can usually arrange a favourable airport to airport deal.

As a very rough indicator, this year expect to pay around £185 a week for a category A car such as a Panda, up to £264 for a category D model like the Fiat Regata. The price will include unlimited mileage, insurance, and VAT. You pay for your own petrol.

You could end up paying considerably more if you book your car on arrival, rather than before you leave the UK, and a deal more if you choose the wrong rate from one of the international hire firms. With these, be sure to check what rate you are being quoted.

You should also study the Italian Highway Code. They have some of the toughest traffic cops in Europe, likely to fine you on the spot. Watch particularly for road markings and speed limits. An unbroken line down the middle of the road must never be crossed, even to make a U-turn.

Italians also signal to overtake in an unorthodox way. They sound their horn. This can be off-putting until you get used to it, but is in fact very sensible. Priority is to vehicles coming from the right at crossroads unless there is a stop sign on the road.

Finally, seats belts should be worn, but throughout the south they are not. To do so marks you as a tourist and a possible target for theft. The police, however, do not agree.

Driving habits become increasingly chaotic from north to south. Neapolitan drivers have an international reputation for fast driving. As for Sicily, the Palermo rush hour resembles a Grand Prix race.

R.B.

Strictly for birds

OBSERVE the birds in your garden: how much do you know about them, or about birds slightly further afield? Very little, perhaps. This month we are invited to learn more—to take up birdwatching as a hobby, starting with visits to local nature reserves, parks, woods and exhibitions.

Birdwatch Europe '87 begins on May 18. Funded by the European Community, it covers a week of avian events, both on the Continent and in the UK where the week is organised by the Royal Society for the Protection of Birds.

A trial run in the UK last year showed immense latent interest. When Tony Soper, the natural history presenter, announced Birdwatch UK '86 on BBC Television, 25,000 people turned out one freezing Sunday to visit RSPB sites and learn about larger breeds in particular, bird conservation in general.

May, however, is prime time for seeing, hearing and studying hundreds of birds in their natural surroundings. As Chris

Harbard, the society's European co-ordinator, says: "The weather is good, the days long and the birds like to be seen and heard.

"All our summer migrants have returned and everything is singing its head off."

Birdwatch Europe Day, the largest birdwatching event ever held, is next Sunday. One thousand European sites will be open, plus at least 250 sites in the UK—RSPB reserves, reservoirs, coastal areas, town parks and country parks. Six parks around Birmingham alone are included.

On May 24 admission at all RSPB reserves is free. Many will be open by 5 am, giving people an opportunity to listen to the magic of the dawn chorus. During the day and evening there will be guided walks with use of binoculars and telescopes, bird-ringing demonstrations, and guidance and information from experienced volunteers.

Part of European Year of the Environment, Birdwatch Week is taking place in a dozen countries and, as the aim is greater knowledge and protection of birds, each will announce a new protected area.

Birds are at greater risk in many countries than they are in Britain. For example, where the RSPB has 500,000 members, the equivalent organisation in Greece has only 150.

● *Royal Society for the Protection of Birds, The Lodge, Sandy, Bedfordshire SG19 2DL. Tele: 0767-80551.*

Sally Watts

Gay Firth reviews the present bull market in books for the globe-trotter

Travellers' tales

ARMCHAIR travellers have never had it so good—or so many. The number of travel and guide books published in the UK has doubled over the past 10 years: 1,113 in the category last year, and you can throw in a further 457 in new editions and reprints. Last December alone 86 travel titles appeared, an increase of nearly 40 per cent over the 54 published in December 1985.

About 30 British publishers have travel and guide "lists." John Hatt, who started Eland Books in 1982 in disappointment at the quality of travel literature then available, publishes nothing else: reprints of early classics. Penguin's Travel Library, launched in 1983, now has 50 titles—mostly 19th and early 20th century titles in reprint, but with some newer writing beginning to appear. Century Hutchinson has its Century Travellers series.

Peter Carson of Penguin Books is pleased, but a little cautious, about a travel book market set fair after 20 years in the doldrums. "Our Travel Library has been longer-lasting than we expected" he says; "A travel list finds its own readership, yes—but also limits it." Like other publishers with output in all categories, some Penguin titles on other lists could easily be called "travel" books: no serious reader would flinch at the proposition that, for example, D. H. Lawrence, Graham Greene, Evelyn Waugh and Robert Graves are "travel" writers as well as everything else.

The recent revival of India as a subject — books, films, television series — has been a big commercial success. Similar attempts to make Africa popular have failed. It is a curious quirk of the travel book market that in terms of exploration, as distinct from travel, India could never be written about in the same way as Africa; and yet until relatively recently travel books about India tended towards turgid memoirs of civil servants and government officials. (But Tod's Annals and Antiquities of Rajasthan, written and published between 1829 and 1832, give a description of Rajasthan which has never been improved on.)

John Murray's hardback list has long been the jewel in the crown of the travel book market. Oxford University Press is strong in that suit, too; and Faber has a list of about 25 titles, including Lawrence Durrell's The Greek Islands, first published in 1978. It has sold over 74,000 copies in hardback, nearly 56,000 in paperback; and James (now Jan) Morris's Venice has clocked up sales of nearly 70,000 in several Faber editions, loved by readers for rich descriptions of one of the world's richest subjects.

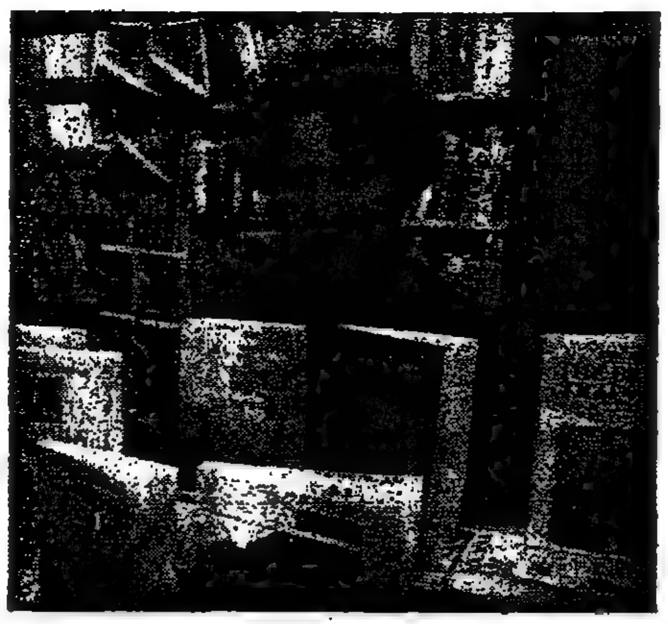
Wilfred Thesiger and Laurens van der Post are required reading on Arabia and Africa respectively, and if you are going to the USSR you should make room for Colin Thubron's Among The Russians—even if you do not intend to follow in the wheeltracks of Mr Thubron's old Ford.

But there are few "travel" writers who actually make a living out of their books. You could count the number of best-selling authors in the present bull market without taking your socks off: Eric (The Big Red Train Ride) Newby; Bruce (In Patagonia) Chatwin; Gavin (Slow Boat To China) Young; Dervla (Full Tilt) Murphy; Paul (The Kingdom By The Sea) Theroux; Jonathan (Old Glory) Raban. To these might be added —with luck—Patrick Leigh Fermor, who won this year's Thomas Cook Travel award for the second volume of his magical travel/autobiography, Between The Woods And The Water.

When the award—worth £2,000, with a further £1,000 awarded for a winning guidebook—was first instituted in 1980, it was scarcely noticed. Now it generates special lectures at the Royal Geographical Society, to say nothing of a second travel book exhibition mounted by Thomas Cook, to be shown at the Barbican in July.

Last year's exhibition, "The English Abroad," has library bookings through into 1988. Sue Bennett of Book Trust(formerly the National Book League), who organises the award, thinks travel writing is more popular now because some of the best writers in English are turning their talents to the genre.

There is a harder-headed view. Between 1950 and 1980 the rising tide of package holidays generated a potential readership of 20m. Today's travelling public is no longer *predominantly middle class*, with a social compulsion to "read up" about places visited. Most travellers today go for fun in the sun and no cultural strings attached, thank you. Today's travel book market calls not for travel literature so much as easy, basic pocket guides containing practical information; demand even for lovingly detailed guides like those supplied by the incomparable Baedeker is relatively small. (Karl Baedeker's firm continued to bring out the guides until 1944. The first, a guide to Koblenz, appeared in 1829, but the most sought-after by collectors is the 1929 edition of the Baedeker Guide to Egypt, which mentions Tutankhamen's tomb for the first time.)



Sarah Anderson in her Travel Bookshop

That is not to deny the market in guide books catering to highly selective travellers. This year's shortlist for the Thomas Cook award included guides to the Loire, to the Cathedrals, Abbeys and Priories of England and Wales; a South Pacific *Handbook, and the Fontana/* Hachette Guide to France 1986 —which won. Guidebooks, the Thomas Cook judges say, have become "much livelier." Michael Leapman's Companion Guide To New York, the winning title in 1983, is a vividly funny, idiosyncratically English eye on the Big Apple; and Henry Thorold's Shell Guide to Nottinghamshire, last year's winner, maintains the high standard of the Shell series founded by John Betjeman in the 1930s. Faber has published them since 1938. The New Shell Guides, launched on March 23, are published by Michael Joseph, which has spent a cool £250,000 developing the first four titles. "It will not be a financially viable project unless the titles stay in print for a good many years," says Alan Brooke, the managing director.

John Hyams of the Booksellers' Association says that guides, maps and atlases now claim 3 per cent of bookshop turnover. The profit potential here is not to be sneezed at: this category enjoys year-round sales and brings non-book customers — who could be turned into book customers—into bookshops.

The only UK bookshop catering exclusively to armchair travellers, travel book collectors, and travellers themselves is Sarah Anderson's Travel Bookshop in Blenheim Crescent, just north of Notting Hill Gate in London.

"Quite a lot of stuff now appearing is trash—by which I mean badly written," she says firmly. "The 19th century was a time of exploration and discovery; travel writing only became literature—real, proper writing—between the wars. You'll find, too, that good travel writers hate being called travel writers: they are *writers*. These days, anyone who thinks they have done something or been somewhere glamorous or romantic writes a book about it; reading some books, you wonder if the author had any idea *why* he was there."

The reprint market is "completely saturated"—and she adds that it should have been much more selective in the first place. The explosion of guide books has produced a lot of duds, too; "you can't tell if a guide book is any good until you actually use it." Her own favourite is Georgina Masson's Companion Guide to Rome, in the Collins series. Of the travel "literature," she especially admires Richard Burton, a 19th century writer whose books are a rare combination of exploration, science and literary grace.

Century Travellers has reprinted one particularly astonishing traveller's tale. In 1890 Kate Marsden set out for Yakutsk, in north east Siberia, armed with a letter of recommendation from the Empress of Russia.

She dedicated her journey to Queen Victoria. Chapter One begins: "It is with devout thankfulness to Almighty God that, after more than 12 months' travel, and almost constant exposure to perils of many kinds during that period, I am at last permitted to send forth this book." It is called On Sledge And Horseback To Outcast Siberian Lepers. Miss Marsden's travails are enough to make the most intrepid armchair traveller blink. No wonder Puck put a girdle round the earth in only 40 minutes.

Archaeology

Old world of the Minoans

Gerald Cadogan takes a walk around Knossos, one of the world's most ancient settlements

KNOSSOS has much more than the great 2nd millennium BC palace of the Minoans. It is among the oldest settlements in the world, with a Neolithic inhabitation back to 6,000 BC or earlier. There was a flourishing Greek and Roman city; and there are recent remains—Venetian, Turkish and early 20th century. A walk around its beautiful valley will give a new view of the Minoans and their capital and show the palace in the realistic setting of its own country.

Knossos is on the south-east edge of Heraklion, now probably the fastest growing city in Greece. Thanks to constant effort by the Archaeological Service—which has responsibility for many planning decisions in Greece—the village is still in the country. Heraklion stops at the highest point on the road to Knossos (about a mile before the palace).

Here beneath the University of Crete buildings and the adjacent hospital were Minoan and later cemeteries and early Christian basilicas. These should be outside the limits of the Greco-Roman city through whose heart the road soon passes. To the left (east) you can see Roman concrete masonry in the fields, and Makritikhos ("Long Wall"), the name of the village below, should refer to some Roman edifice. On the right (west) where the pines begin, is a rich house of the Roman city known as the Villa Dionysos with some fine mosaics.

It is 2nd century AD. We do not know who lived there, but he may have been a descendant of the Campanians (from the Naples region) whom Augustus settled at Knossos a few years after defeating Antony and Cleopatra at Actium in 31 BC. Knossos was not the Roman capital of Crete. That was Gortyn in the south, the offshore capital of the united province of Crete and Cyrene. Such was the Pax Romana. Impossible now.

The pine trees by the Villa Dionysos mark the beginning of Sir Arthur Evans' estate, which he had bought with the site of the palace before he started digging on March 23 1900. It is now the property of Greece. At the other end of the large field with the pines is his house, the Villa Ariadne, finished in 1906.

It is an Edwardian bungalow that would suit India well, if the drain heads did not have relief double axes (Minoan sacred emblems). It was the first house in Crete built to stand earthquakes—with steel—and had basement bedrooms for keeping cool. The garden has palms, plumbago and honeysuckle, and a large statue of Hadrian.

At the Villa gates the road drops down to Knossos, and a group of places to eat and drink—all but one shut in the winter as they do so well in the summer. On the left is the entrance to the palace.

If you have the energy after the palace, there is a pleasant walk of about 30 minutes around Knossos. Go back past the cafes and turn left up the hill by the last one. It is steep at first but gentle afterwards. You will pass the village school and a large eucalyptus and reach a T-junction. Turn left and follow the level upper road.

It is a rich country with vines and olives, the plants whose products were kept in the large jars (pithoi) in the palace storerooms. Down to the left is a constantly changing view of the palace among more of Evans' pine trees. It is easy to see from up here how it was built on the last freestanding hill in the valley. The Neolithic settlers chose it originally. Their village became a tell (city-mound) as layer was built on layer for 3,000 years: and the Minoan buildings were on top of that.

To the north you will see the sea and the island of Dia, a preserve for the wild goats (agrimia) of Crete. To the south Mount Iouktas dominates the view. It was a holy mountain with a shrine on top and another on the slopes, where evidence of human sacrifice was found a few years ago.

'A remarkable recent find has been the rib bones of children with cuts like those on animal bones after butchery . . . which implies cannibalism'

At Knossos an equally remarkable recent find has been children's rib bones from 1450 BC with cuts like those on animal bones after butchery. The cuts would suggest flesh was removed, which implies cannibalism. The romantic notion that there was no violence in Minoan society is being seen now as just another romantic notion.

Back to the walk. You will pass some rock-cut tombs, now cleared, and come to an arched bridge that took the Venetian aqueduct of Heraklion (then Candia) across the valley you are walking along. Around you are thyme, rosemary and sage, and some fig trees. The aqueduct is a less peaceful reminder that Candia needed water in its famous siege of 1648-1669.

When Candia fell to the Turks despite all that its commander Francesco Morosini could do, the balance of power changed in the East Mediterranean. A less renowned feat of Morosini's was that it was his cannon that blew up the Parthenon in 1687 (when the Turks were storing gunpowder there).

There is a path down beside the aqueduct and up the other side. Here you are starting to climb the hill of Gypsades ("Gypsum Hill"), named for the deposits of that soft stone that the Minoans used for floors and wall facings, much as the Romans used marble. You will see large lumps of it, grey and crystalline. In the path are the lines of the plaster and mortar of the aqueduct which after the bridge followed the road you came along.

The peace here, and the view of the palace with its terraces and of the rolling country to the north where many Minoan tombs were, is a delight. After you come to the top of the ridge, turn sharply left and in a little you start the descent to Knossos. On the left you will pass giant aloes 5 metres high and on the right a gypsum quarry.

Below the quarry facing the palace was a Greco-Roman sanctuary of the goddess Demeter, whose worship could have been a continuation of that of the Minoan Mother Goddess. Pig was the right animal to sacrifice to Demeter and many pig bones were found. Cretan pork was probably as good then as it is today.

Her worship here could have carried on the cult of an unknown deity found in a spring chamber of around 1100 BC a little way further down the hill. It is beside the building Evans called the Caravanserai, a place for a wash and brush-up before entering the holy precinct of the palace.

At the bottom of Gypsades turn left on the main road to return to the village. If you wish to see the Caravanserai and spring chamber, turn right and in 100 metres drop down below the road before it curves to the right. You will come to the buildings restored by Evans, complete with a fresco of 1500 BC of partridges. Then back to the village. The walk will have shown you another country round Knossos.

Death of a mansion

Collecting

IN THE natural course of things, great country house sales become rarer and rarer: in the foreseeable future, the phenomenon will become altogether extinct. Their infrequency nowadays emphasises the melancholy that traditionally attaches to the dispersal of ancestral homes.

The ancient lawns and gravel paths (already somewhat overgrown, no doubt) are churned to mud by the shooting brakes and removal vans. The dealers, collectors and inquisitive sightseers swarm noisily through the most private rooms. In a couple of days the house is stripped, like a corpse by carrion, as the glad and greedy carry off every last stick and rag of the loving accumulations of centuries. The shell is left to the estate agents, the developers and the ghosts.

Great Tew Park in Oxfordshire, which Christie's will be selling up on Wednesday, Thursday and Friday, May 27-29, is a specially sad case, since the furnishings from its best days have survived practically intact to show the taste and style of a great bourgeois of the late Georgian period.

The mansion stands on the edge of the charming, well-wooded village of Great Tew, which remains unspoilt and unsuspected despite its proximity to the A23, the Oxford-to-Birmingham trunk road. Most of the original Jacobean house — once occupied by Viscount Falkland, the romantic Cavalier who died at the Battle of Newbury in 1643 — had disappeared by the beginning of the 19th century.

Humphrey Repton was commissioned by the then owner to prepare one of his famous "red books" for the estate. His alternative proposals for new houses in the classical and the "Elizabethan" style came to nothing, however, and the estate was bought in 1815 by one of the new aristocracy of the Industrial Revolution.

This was Matthew Robinson Boulton, son of Matthew Boulton, the partner of James Watt and one of the great architects of industrial Britain.

The subsequent architectural development of the house (which went on until the 1850s) was piecemeal, favouring eclectic Gothic. From 1914 to 1962, the estate was administered by the Public Trustee on behalf of the spinster granddaughters of Matthew Robinson Boulton. In later years, the house was restored by their half-cousin, who died in 1985.

The contents are remarkable, in that the major part were supplied between 1815 and 1817 by the same high-class cabinet-maker, George Bullock, of Tenterden Street, Hanover Square, London. Bullock's career was distinguished but brief, and the Great Tew furnishings represent the largest collection of his work ever to come to light.

Along with the furniture, the original bill survives. Dated 1817, it runs to 42 pages and details the furnishings of Boulton's three principal rooms —drawing room, dining room and library. Stylistic comparisons and an extensive surviving changed between client and craftsman — make it possible correspondence—34 letters ex- also to identify bedroom and other furnishings as Bullock's work.

Bullock was ahead of his time in rejecting the then-fashionable mahogany in favour of native woods: at Great Tew, there was a preference for pollard oak with holly inlays.

Later furnishings were also supplied by Morant, who had set up as a cabinet-maker and might have taken on Bridgens as designer since there is a happy continuity of style between Bullock's furniture and that supplied more than a quarter of a century later, when Victorian taste was already making its inroads.

The highest estimate (£50,000-£70,000), far exceeding any other single item in the sale, is for a fine wardrobe-style cabinet decorated with ormolu trophies. The design for the piece, which is attributed on stylistic evidence to Bullock and seems to have been made about 1804, has survived. The cabinet predates the Boultons' move to Great Tew, and was probably made for the family seat at Soho House near Birmingham.

Janet Marsh

Fruits of a long hot summer

Wine

THE YEAR 1976 was a very attractive one for the small number of claret drinkers who bought the latest vintage *en primeur* from British merchants' "opening offers."

The summer had been exceptionally hot and prospects were excellent for a vintage that began unusually early, on September 13. However, those who picked rapidly were more fortunate than those who delayed, because heavy rain later in the month diluted the quality while increasing the quantity.

The effect of this very big crop, combined with it following the much publicised 1975 vintage, was to keep the opening prices at almost the same level as for the previous one, and so encourage sales.

The 1976s generally sold well in Britain and were welcome additions to consumers' stocks of fine clarets, for apart from the 1975s there had not been an attractive vintage since 1971. The lesser 1976s matured quickly and made very agreeable drinking. Nevertheless, those vintage-time storms had had their effect, and some well-known châteaux made wines that lacked sufficient acidity, character and length of taste: enjoyable but not exceptional.

As regular readers of this column may remember, the Bordeaux tradition is followed here, by which the first proper time to assess the finer qualities of a vintage is when they have passed their first decade. In view of the variations in the quality of the 1976s, it was particularly interesting to devote a dinner this year to its first-growths: all seven of them, but not including Ausone, which then was not producing wine of first-growth standard. The six men and women at the table included two Masters of Wine. (Six is the maximum number to consider seriously a single bottle of a wine, as it permits the essential refreshment of each glass before a final opinion is formed.)

The wines were decanted about an hour before the meal and the decanters were stoppered until served. All the notes were written at the table.

We began with Haut-Brion, the only Graves, as it does not "mix" too well with the Médocs, and continued with the Médocs: first with the lighter wines of Margaux and Lafite, followed by Mouton-Rothschild and Latour. We ended with the two right-bank leaders, Cheval-Blanc and Pétrus, whose Merlot-based, sweeter style might earlier have disconcerted the Cabernet-Sauvignon dominated Médocs.

Haut-Brion. Very good colour, and typically fine "bricky" Graves nose that took some time to develop. The flavour was distinctly dryer than any of the Médocs. Some found it too dry, but that is fine Graves, with an earthy taste. Opinions differed on a wine that held well in the glass.

Margaux. This wine was made in the twilight years of the Ginestet ownership, that had been severely affected by the financial slump a few years earlier, so expectations were not too high. There was less colour than Haut-Brion's, and the aroma, a special feature of Margaux, was surprisingly restrained and closed, though it did develop to some extent in the glass. The flavour gave easy but rather undistinguished drinking and a bit edgy at the end of the taste. Comments included "no complexity of weight," "gritty and rough," "lacks backbone and life."

Lafite. Excellent colour, rich "floral" nose, "wholemeal bisquity," with some oak. Quite a strong flavour, slightly sweet, with good full body for the vintage and beautifully balanced. Typical fine Médoc.

Mouton-Rothschild. Very deep colour, more than the succeeding Latour. Fine Pauillac nose, "plummy, cedary and alluringly sweet." Rich flavour initially but not quite round at the end, and a bit short. "A very agreeable glass of wine" but lacking some weight, at best.

Latour. Big colour, closed bouquet that took some time to develop in the glass, and even then rather disappointing. Big body, tannic and lacking flesh; "Harsh and inky at first, but with some development. More substantial than Mouton. Rather uninteresting but good length." Latour often suffers at tastings from being backward, though showing promise. It did not seem like this here.

Cheval-Blanc. Surprisingly big colour, rich flowery bouquet. "Delicious richness on nose. Beautifully round and full-bodied flavour: a complete wine, quite different from the Médocs, very silky on the palate." Fine balance.

Pétrus. Very full colour, rich but not very distinguished nose, easy-to-drink on the palate, but lacking in style. "Chunky, sweet, chocolatey." There was some division of opinion on this wine, though no one placed it very high. It was considered disappointing for Pétrus—especially in view of the success of its near-neighbour, Cheval-Blanc. One taster did, however, describe it as "interesting" and another said "dumb but fruity." Will it develop?

The voting to determine the order of preference ran from one to seven, so the smaller the total the higher the placing. Cheval-Blanc came first unanimously with six points, followed by a marked drop to the second, Lafite, with 16. Mouton-Rothschild came third with 21, *Pétrus fourth with 25*, and Haut-Brion fifth with 27. (*My vote for this was third, with Pétrus only sixth, perhaps* because I had expected more from it). Sixth was Latour with 32, generally thought disappointing, and Margaux predictably came last with 40.

A year earlier, Cheval-Blanc had headed the 1985s, but more closely pursued by Latour and Pétrus.

Although opinions varied, everyone thought that all the wines had been agreeable to drink—not the case with the 1975s — and were generally about their best. It must be said that the views expressed could only be based on the single bottles opened and consumed then and there.

Edmund Penning-Rowsell

Lucia van der Post

HOW TO SPEND IT

In the summer time...

Holidays mean leisure and the chance to go browsing around shops and galleries in search of presents and souvenirs which are "ethnic" and have charm and personality

COTTON IS TOPS

SUMMER in Britain is a *chancy* thing, as if you didn't know it, and she who hopes to spend it in flimsy, floaty numbers is doomed to disappointment. For those tired of the dreary greys and browns of their winter wardrobes but not yet warm enough to cast off their woollies, the cotton sweater is a marvellous invention.

Cotton feels infinitely less wintry than wool, yet offers similar warmth. It comes in the sort of heavenly colours — like crushed strawberry pink, sky blue, stinging yellow and peppermint green — that have all the freshness of summer about them.

Some of the chain stores offer simple, round-necked, long-sleeved sweaters in cotton which make excellent summer standbys (Marks & Spencer has a wonderful selection for men and women in good colours at equally good prices). But for something a little more special, go to Moussie of 109 Walton St, London SW3, where 100 per cent cotton is hand-knitted in a myriad different ways.

There are plain short-sleeved sweaters, like the one sketched top, in crushed strawberry pink, sky blue, white or stone; and much more decorative flower-strewn versions like the one sketched below.

The flowers themselves are in the sort of fresh colours in which flowers come; the back ground to the sweater is white. There are straight skirts or long shorts in striped fabrics which tone with the sweater colours as well. The plain sweaters are normally £129; but for FT readers Moussie is offering them at £99 (the flower-strewn version with the long sleeves is £129).

Moussie will send by post for £2.50 p+p extra, and sizes are small, medium and large. Because they are hand-knitted, sizes are sometimes a little irregular.

Drawings by Anne Morrow

HOLIDAYS and souvenirs seem to be irremoveably locked together, like those other hackneyed twosomes that never go through life alone but are always part of some dubious doubleact. Commendable attempts have been made by all sorts of worthy bodies to clean up the act, to make sure that the public has access only to proper and well-designed souvenirs, worthy representatives of a nation at its best.

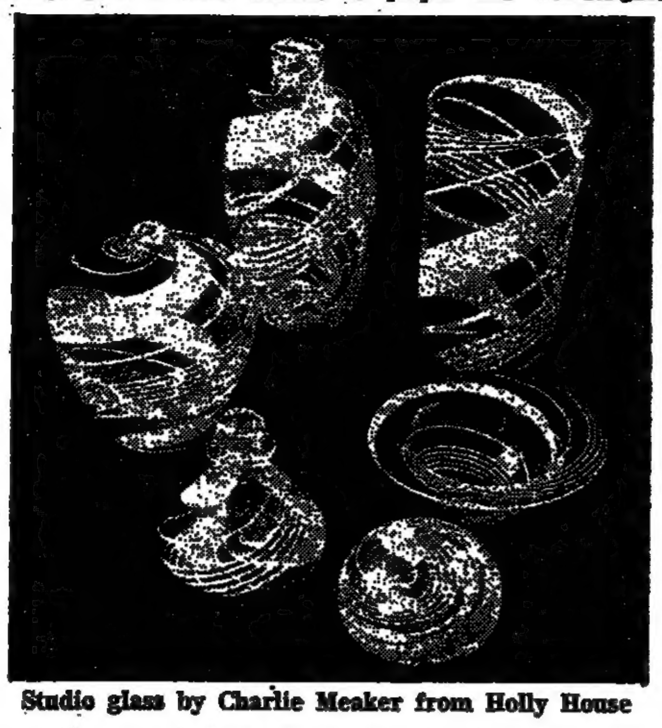
Fortunately, character will out and it is still possible to find souvenirs of personality and originality.

In particular two small businesses which, though not avowedly set up to sell souvenirs, seem to me to be selling the very best kind—objects of great personality and charm but with a distinctly ethnic or specific character to them.

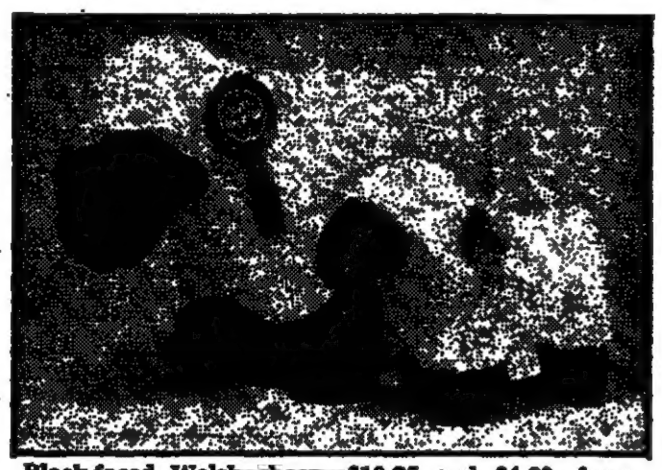
The Welsh House Collection specialises in, yes that's right, everything Welsh, and almost everything listed and pictured in its catalogue is made in Wales. There are wonderful soft woolly Welsh sheep like the ones photographed here; traditional Welsh Dolls and finely woven flannels, beautiful silver frames and Victorian pincushions with some emergency sewing aids on the cushions (at £9.95 this seems to me a marvellous present). There is a beautifully turned hardwood needlecase (just £4.50), and quilted and appliqued cushions, fine table-cloths and bedspreads — in other words a cornucopia of present and house-hold ideas, all full of character. Everything, of course, is sold by mail. For a catalogue write to: The Welsh House, Caio, Dyfed SA19 8RE enclosing 24p and a sae 9 ins by 7 ins, or telephone 05585 419.

Different in concept but no less interesting, is Holly House. Based at 14 Front St, Tynemouth, North Shields, Tyne and Wear, NE30 4DX, Holly House has had the splendid idea of making a wide range of the best of modern crafts available to customers through a full-colour mail-order catalogue.

Choose from Steven Newell's exquisite milky glass jugs, Lindean Mill's bowls in gentle colours, John Wheeldon's rich ceramics, Joan Doherty's flower jewellery, Dart Pottery's flower-strewn ceramics, and Janet Hutchinson's hand-woven scarves in mouth-watering colours. The list is vast, the choice varied. For a copy of the catalogue, write to the address above.



Studio glass by Charlie Meaker from Holly House



Black-faced Welsh sheep, £10.35 and £4.60, from The Welsh House

A CAMERA FOR ALL ANGLES

FOR THE holiday photographer who would like all the zappy effects of a zoom lens, but doesn't know about (or can't be bothered with) the complications of different lenses, the Pentax Zoom 70 could be the answer. This summer's hottest seller for the amateur, it is the first compact camera — or, indeed, camera — with a built-in power zoom lens.

It is simplicity itself to use, needing no complicated calculations of distance and lighting; you just point and focus manually. Even in our exceedingly inexpert family, some amazing results have been gloated over.

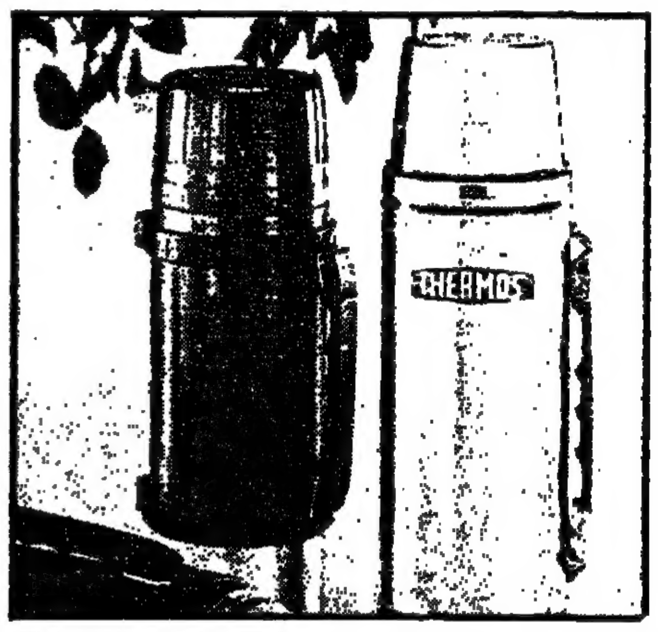
It seems to function best between two and 20 yards away, but there is a macro zoom facility for larger distances as well. This does not mean you will get as good a shot of the lion yawning or the tennis player serving as you might with more complicated and professional equipment — but it should be a lot better than you would achieve with a straightforward compact camera.

The Pentax sells for £199.95. There are some stocks now in good photographic shops, but lots more will be arriving in a few weeks.

PS. For portraits taken with a flash subjects can sometimes turn out looking like Dracula with blood-red pupils. You can avoid this by taking the subject looking slightly to the side or photographing them just off-centre.

TRY THIS FLASK...

A FLASK? I hear you say. Who needs a new flask? You probably don't need a new one so much as a different one; one that is completely unbreakable and really does keep the soup hot or the ice-cream cold. So, if you have lurking in your cupboards a flask that doesn't do its job properly (and I personally have about six), then possibly what you need this summer is the new, sturdy, hi-tech version from Thermos itself. It is as strong and reliable as it looks, although I haven't tried dropping it from sky-scrapers (more because of concern for people below than concern for the flask). But I trust it implicitly. The nicest is stainless steel trimmed with blue, photographed far right, £20 in good department stores.



Cookery

Show off with a party piece

ROULADES ARE sometimes described as a variation on the soufflé, or as soufflés with a difference. I think this is a mistake. The two are very different, although it is true that both use the same basic ingredients.

What is special about a soufflé is the way it towers and trembles softly and is still a little runny under the crust. A roulade does not possess such wonderful airiness, nor the delectable streak of baveuse mixture that lies at the heart of a good soufflé. It would be fairer, I think, to compare a roulade with a featherlight sponge batter: think of it as a very superior Swiss roll and you won't be disappointed.

Soufflés, although elegant, are more homely than roulades. They have to be served the moment they emerge from the oven and they are best cooked for small numbers. For more than four people I advise using individual soufflé dishes—and six is the maximum I would cook at any one time.

Classic savoury soufflé flavourings, such as cheese and spinach, never fail to please, and it is fun to ring minor changes by folding an extra ingredient into the mixture just before it goes into the oven. That way, diners will discover an unexpected bonus when they tuck in.

The traditional "surprise" is to bury soft-boiled eggs in a soufflé—miraculously they remain *soft*—but that seems to me altogether too eggy. I prefer to use such things as a few snippets of crisply grilled bacon or slices of sautéed mushrooms, curled anchovy fillets or prawns dusted with spices, steamed asparagus tips or split and well-toasted almonds.

A roulade is tailor-made for occasions when you want something a little showy, a good party piece to serve six or eight people.

As a cook who likes to be part of the party, not stranded *solo in the kitchen, I favour* cold roulades which can be made ahead, and I think sweet roulades generally work better than savoury ones.

Wildly rich versions oozing with chocolate, brandy and heart-attack lashings of cream are manna to some, but they seem to me over the top. My taste is for less lethal concoctions. The best flavouring of all, I think, is lemon—it seems to strike just the right balance of freshness and richness.

LEMON AND STRAWBERRY ROULADE (serves 8)

Tiny, intensely fragrant fraises de bois are the perfect fruit to use here, and this recipe is invaluable as one of the few ways I know of successfully sharing between several people the half pound or so of fruit that is ready to crop from my garden at any one time. Ordinary strawberries — firm, fresh, just ripe English strawberries—can *also be used*: choose small ones and halve or slice them thickly. The nutty sweetness of chopped and well-toasted hazelnuts makes an excellent alternative to strawberries (2½-3 oz nuts are needed) and in winter I like to use home-made thick-cut marmalade.

2 lemons; 4 large eggs; about 4½ oz caster sugar; 1½ oz plain white flour; ½ pt double cream; 5 tablespoons single cream; ½ lb firm ripe strawberries; a little icing sugar.

Choose a Swiss roll tin or similar, measuring approximately 12 × 14 inches. Line it with baking parchment, cut long enough to protrude beyond the rims of the shorter ends of the tin, and brush lightly with oil. Heat the oven to 325 F (160 C) gas mark 3.

Put ¼ lb sugar into a large mixing bowl. Add 4 fl oz lemon juice and the four egg yolks. Beat with an electric whisk for *about eight minutes until* the mixture is almost white and will hold a figure of eight shape. Gently but thoroughly fold in the sifted flour and the finely grated zest of both lemons. Whisk the egg whites to shiny peaks and fold them in, too.

Tip the mixture into the prepared tin and smooth and spread it out gently and evenly. Bake for 20-25 minutes until just firm to the touch, springy and slightly golden.

Let the cooked roulade become cold in the tin. Then sprinkle it with a little caster sugar, cover it with a large double-thickness of greaseproof paper, and invert the whole thing onto a work surface. Lift off the tin, peel away the baking parchment and trim the edges of the roulade.

Stir the two sorts of cream together, add a tablespoon of caster sugar and whip. Spread the mixture over the roulade, leaving the edges free, and cover with the strawberries. If the strawberries are not fraise de bois, halve them or slice them thickly depending on size.

Using the greaseproof paper to help, gently roll up the roulade—just like a Swiss roll—and slide or roll it, seam side down, onto a chilled serving dish. Cover loosely with cling-film and refrigerate until close to serving time.

Unveil the roulade for serving. Dust it with icing sugar, top with a few more strawberries and decorate the plate with a few strawberry leaves and flowers if available.

Philippa Davenport

Business last

Food for thought

MAMMON has made a bid for Ceres. "In country house hotels, city hotels, store restaurants and fast-food outlets everyone reports big business for the first meal of the day." So said the Caterer & Hotel Keeper on March 4.

All over England, apparently, groups of soberly dressed individuals bend their heads to conspire management buy-outs over the bacon and eggs or decide the fate of nations as they brush the crumbs of croissants from their finger tips.

I can appreciate the theoretical attractions of the business breakfast in the new, dynamic, growth-orientated, lean and hungry corporate Britain of today. Muesli makes for keen management. Yoghurt keeps the fast moving executive in trim. The wholewheat toast fires you up for the rough and tumble of the market place.

But, as we know, theory and practice aren't quite the same thing. It turns out, according to the manager of the Berystede Hotel, Ascot, quoted in the same article, that today's business dynamo does indeed tuck into the bran, yoghurt, muesli and nuts, but only as a prelude to putting away the usual fried number.

This seems less like business efficiency to me, and more like corporate greed. Obviously, having been cheated out of the three-hour lunch by dieticians, doctors and round-the-clock wheeling and dealing, the poor beleaguered businessman and woman have turned to breakfast for solace, finding a bowl of porridge an invaluable aid to long-term planning, and a grilled kipper a precision tool for market analysis.

I don't like the idea of a business breakfast. The first meal of the day is far too serious a matter to be cluttered with the trivia of commerce, particularly when the price is not just a spiritual one.

Here again, I am indebted to the Caterer & Hotel Keeper. According to its researches the Great British Breakfast will set you back £9.50 at the Ritz, £7.50 at the Institute of Directors, £7.75 on British Rail, £5.50 at the Great Eastern Hotel and, believe it or not, under £5 at Fortnum & Mason. These figures, presumably, do not include VAT and service.

And all for what? It is something that—with 10 minutes to spare and the co-operation of your wife, husband or friend—you can enjoy at a fraction of the price in your own home. Afterwards you can slip into the race of the day's events, your mind clear, your digestion in good order.

But if you are really wedded to the idea of a business breakfast, do the job properly. Pop in to somewhere like the Fox and Anchor or the Cock Tavern at Smithfield in east London.

The environment might not be quite right for the megabuck bid decisions—the bloodstained aprons of the meat porters may be too suggestive of the corporate surgery to come—but you can stiffen your resolve with steak and chips or mixed grill or eggs, beans, bacon, sausages, tomatoes and black pudding, once correctly described in the Good Food Guide as a "towering inferno of protein." Wash the lot down with a pint of beer.

If that seems a little strong, let me reassure you. There are good precedents. My Lord and Lady of Northumberland in the 15th century were wont to start their day with "Two manchets of bread, a quart of beer, a quart of wine, two pieces of salt fish and six baked herrings or sprats." Queen Elizabeth I habitually breakfasted on "bread, flesk, and a gallon of beer." And had you been invited to Samuel Pepys' house to celebrate New Year's Day, you would have sat down to a buffet of oysters, a dish of neats' tongues, a dish of anchovies, wines of all sorts and North-down ale. All this at about six or seven in the morning, mark you.

But then you never quite knew when you were going to eat next. Until the mid to late 19th century, mealtimes had a decidedly peripatetic quality. Breakfast, lunch, tea and supper or dinner rambled about all over the place until the arrival of Queen Victoria.

In the course of her long reign breakfast settled down. Like the Queen herself, it became an institution. The men who forged the industries that gave England its economic pre-eminence took prayers and breakfast at 8 o'clock in the bosom of their families. Sternly they put away the eggs and bacon, kedgeree and devilled kidneys, toast and marmalade, China tea and Indian, and only after did they go out and build the Empire.

Not for them business and breakfast. Breakfast first, business next. It's a lesson to which we might pay attention.

Peter Fort

Brian Inglis on the man who knew too much

Agents and patients

AN AFFAIR OF STATE: THE PROFUMO CASE AND THE FRAMING OF STEPHEN WARD
by Philip Knightley and Caroline Kennedy
Cape. £12.95. 268 pages

ON DECEMBER 4 1962 a freelance radio producer came round to tape an interview about a book I was writing on "fringe medicine," as it was then known. At least, he claimed to be a producer. It eventually became clear that this was simply a device through which he sold life insurance. Still, he proved useful. Did I know one of his clients, the society osteopath Stephen Ward? I did not. Oh, but I must. There and then he rang Ward, and fixed a meeting.

In An Affair of State, an admirably detailed and balanced account of what ought to be described as the Ward Affair, Philip Knightley and Caroline Kennedy miss little of significance; and they give due recognition to Ward's skill as an osteopath, which introduced him to the rich — Getty, Gulbenkian — and famous — from Churchill to Elizabeth Taylor. But by Ward's own account it was not simply his manipulative technique which helped to lift him into the social circles in which he liked to move—*when* he felt like it.

Ward used hunch, and a form of behaviourist psychology. Whenever new patients came to his Devonshire Place consulting rooms (he explained when we met) he conducted a routine physical examination, while eliciting the nature of their problems. But he rarely needed these preliminaries. He *knew*, as soon as he saw them, what he needed to do, and whether it would work.

Sometimes he knew even before they arrived. Patients sent to him by one particular member of parliament were always easy. It was as if the MP's enthusiasm had done Ward's job for him, in advance.

Some MPs, however, were inclined to be suspicious because Ward had no medical qualification. He would ask them to undress and then, by arrangement, his receptionist would appear, to say he was wanted on the telephone. Leaving them unclad for a while in an empty consulting room usually reduced them to a suitably malleable frame of mind and body, he believed. But from the look of him, I knew that Ward relished humiliating them — particularly right-wing Tories.

Ward, in other words, was a shrewd manipulator in more than the simple clinical sense. And chronic name-dropper though he notoriously was, he did not want to be "in" simply for the sake of being in. He seriously believed he had something to offer as a go-between to bring East and West together — China included; he was surprisingly knowledgeable about the boundary dispute between Delhi and Pekin, blaming the Indian Government. His diplomatic activities have generally been dismissed as fantasy, but Knightley and Kennedy reveal that he really was used for a while as "an unofficial pipe-line to convey information between the Russians and the British."

Ward, they show, was used by the Macmillan government so long as he had his uses; when the revelations about Profumo's affair with Christine Keeler at Ward's flat threatened to bring the government down, he was deliberately framed, and crushed. This has always seemed the likely explanation of what happened: they confirm it in ugly detail.

Macmillan's posture of injured innocence is demolished. If he did not know what had happened, it was because he deliberately closed those hooded eyes to it. The Lord Chief Justice, Parker, is shown to have been an accessory in promoting—not just condoning—a gross miscarriage of justice. And although they devote little space to the Denning Inquiry report, it can now be seen even more starkly for the farcical document it was—whitewash, but laid on with the kind of slapstick ordinarily associated with the brokers' men in Cinderella.

Stephen Ward: voyeur with a touch of genius

Not that there was a conspiracy. One of the advantages of the existence of the Establishment was the way in which those concerned, the Prime Minister, the Home Secretary, even the Judiciary, knew instinctively what would be expected of them, so that they acted as if there really had been a concerted plan.

Even the quality newspapers unwittingly lent them support. The Times launch of a moral crusade, with Sir William Haley as Peter the Hermit, might temporarily have embarrassed the government; but it contributed to the downfall of Ward. So did the Guardian by urging (in an editorial which contained the immortal comment "In the end the affair could turn out to be far worse than it now seems, or far less serious") that following Profumo's resignation, the affair should be consigned to oblivion—which was precisely what the government hoped would happen, when they had silenced Ward.

I would like to think that some of those who have been arguing that the affair ought to be allowed to remain in oblivion—Jo Grimond, of all people, among them—will take it back when they have read An Affair of State. Its value lies in its reminder that when governments are frightened for their future, as in the Westland affair and the long-running MI5 saga, their fears can trigger a chain reaction affecting ministers, civil servants and even the judiciary, prompting individuals to behave in ways which in normal circumstances they would denounce as disgraceful, even as corrupt.

Will the book rehabilitate Ward? Not long before his arrest, he was growing alarmed; he asked me to lunch to suggest that I would write an apologia for him, which he thought the New Statesman might publish. I did not care for the idea, as I did not care for Ward, interesting though he was to meet; he was too obviously a voyeur. I still have a mind's-eye picture of him sitting talking under a gaping hole in the wall of the flat in Bryanston Mews where Rachman (who had died a few weeks before) had installed Mandy Rice-Davies; it had housed a two-way mirror, which Mandy had accidentally smashed when she threw a shoe at Rachman. Ward had brought me there to finish telling the Profumo story, in all its ramifications. Six months later, the connection with Rachman was to provide yet another feature of the indictment against him, fuelled by the story of the flat with the two-way mirror.

Yet Ward does not deserve to be remembered as a charlatan. Not long after his suicide I met the man who was his only serious rival as *the* society osteopath in London. He told me he had always regarded Ward as an unscrupulous rogue. When Ward's former patients began coming to him, he had been compelled to realise that he had been wrong. Ward, he assured me, must have been an osteopath of genius.

Fiction

Presence of the past

SUGAR AND OTHER STORIES
by A. S. Byatt. Chatto & Windus. £10.95, 248 pages

PERHAPS THERE is some justice in the literary world. Antonia Byatt has turned from novels to short stories and this collection, her first, has gone straight into several of the bestsellers lists. On merit, it ought to stay there for several months. It is accessible, often gripping and never wrapped up in some obscure private world. So many modern short-stories seem totally puzzling or betray themselves as fragments of a bigger whole. A. S. Byatt's begin with an admirable directness which takes you straight into a new circumstance from the first few paragraphs. Almost always, they end just when you realise that now, for the first time, they could. They have considerable range and I found that the varied effects of seven of her 11 stories were as testing and concentrated as the impact of several novels. They are not to be read continuously at a single sitting.

The majority are haunting, in the full sense of the word. They tend to use a narrator who *reminisces* rather than shares an extended dialogue. Their central theme is the effect of a past figure's presence and legacy on others, still living. There are some chilling mothers who are still haunting daughters: other absent tyrants include a tight-lipped headmistress, memories of dead grandparents and a child killed in a road accident. These constant presences are evoked, at times, with a truly eerie awareness of fear and emotion. When she wants to compel you with a character's anxieties, A. S. Byatt knows exactly how to strike the right note. She carries it off in all manner of settings, from a London park to the magic and spells of a witch in the Far East.

I do not wish to imply that this collection is essentially a bundle of ghost stories, a female sequel to M. R. James. It is much more concerned with the impact of remembered fears and guilts and their subjective presence in others' relationships. Every story has its superbly observed detail, its remembered asides which convey so much more than their surface. When A. S. Byatt passes a psychological comment or teases us with a generalisation, she *is* extremely sharp-eyed. Her stories are spare, concise and clever in the best sense.

A. S. Byatt: minute scrutiny

As a result, they are outstandingly well written. It is a long while since I have read a collection which had such an enviable grasp of clear form and well organised English. She can describe things, not least the sugar of her title piece, with a longer more lyrical style: she can also pin them down with an exact use of words which is the mark of exceptional intelligence. If I had to choose, I would pick the opening story's icy portrait of a girl's boarding school and its austere, cruel headmistress. Repeatedly you hit on an observation which comes near to many homes. Do not miss this fine collection, but do not try to rush its tightly constructed parts.

Robin Lane Fox

Sicilian shambles

THE MARCH OF THE LONG SHADOWS
by Norman Lewis. Secker & Warburg, £10.95, 232 pages

WORK AND PLAY
by Carlo Gébler. Hamish Hamilton, £9.95, 151 pages

THE LAST ROMANTICS
by Caroline Seebohm. Weidenfeld & Nicolson, £10.95, 322 pages

THE ACCIDENTAL WOMAN
by Jonathan Coe. Duckworth, £9.95, 151 pages

THE ARABIAN NIGHTMARE
by Robert Irwin. Viking. £10.95, 282 pages

AS SO often in his fiction, Norman Lewis's The March of the Long Shadows is really just the excuse for another superlative trip abroad, to Sicily this time, the Sicily of 1947, a world far closer to Naples '44 than to the holiday island of today. A world of anarchy and post-war chaos, of prostitutes in painted caravans and Carabinieri sharing three pairs of boots between five men, of grilled sparrows, cats hijacked from the streets, chlorinated horse-meat masquerading as veal, food speculators executed in a chair while the rest of the populace looks on. An extraordinary world, long since disappeared, but brought to life again most convincingly by the author.

The plot is minimal. A British officer who served in Sicily during the war returns as a spy to investigate the separatist movement and assess the support for a union with Britain or America as the only viable alternative to Communism. He seizes the chance to renew his love affair with a beautiful but impoverished marchesina — she and three other aristocratic families take it in turns to share one lot of furniture between four palaces —and his friendship with an amorous lawyer and a dusty museum curator who would still be a urologist if he hadn't insulted the fascist authorities.

The separatists drill for a time in the mountains, then fade away. The narrator meanwhile sets down everything he sees and hears and reports back to London. His report provides a fascinating catalogue of time and place, everything from monks, transvestites, a lunatic on a chain, an Italian soldier speechless after 10 years' hiding in Abyssinia, to handicapped couples dancing the tango at the misfits ball, a mafioso feeding mice to his owls, a blurred photograph of Edward VII *in flagrante delicto* at the local hotel, an ancient duke chained to two sodomites and hurled from the roof of the Palace of Justice. It is a bizarre picture, very different from our own home life, yet enthralling throughout.

Norman Lewis: post-war pageant

Carlo Gébler's third novel Work and Play comes much closer to home with a story for the 1980s of a young Irishman struggling to get his act together in Thatcherite Britain. He is Fergus Maguire, a university drop-out, who is disinherited by his late father and returns to England to renew his old contacts on the fringe of West London's drug culture. They are a feckless bunch by all accounts, forever snorting cocaine, stripping naked in restaurants, brushing with the police. Far more worthwhile are the Singh family downstairs, victims of offal through the letter-box, who look to Fergus for an explanation of "Second XI" in a school sports programme and other curious aspects of British culture.

He has a job in television, answering letters from nutters, one of whom appears at the office in person and refuses to be deflected. It is all nicely done, a good portrait of contemporary Britain, a good study too of a young man at odds with his father, but one is a little puzzled at the end as to what the author is driving at. The trouble perhaps is that a shiftless central character, however skilfully portrayed, does not engage the reader's sympathy as much as he needs to.

The Last Romantics, by Caroline Seebohm, is lavishly written in the "my heart belongs to Oxford" tradition and tells the tale of four Somerville girls who link up in 1960 and think of themselves for the rest of their lives as the Bardwell Road Four. They have names like Penelope Coverdale and the Hon Daphne Fanthorpe and behave accordingly. So do their men friends, Mungo Twistleton-Smith, world citizen Alan Moss, Old Etonian Edmund Wales (Ch Ch, President of the Union). The girls experience the traditional delights of student life, then graduate, give birth, grow older, wiser, disillusioned, resentful. They flee to America, where the second half of the book is set. It's an agreeable read, but one can't entirely avoid a sensation of proceeding ponderously along tram lines, with most of the stops familiar in advance.

Jonathan Coe's The Accidental Woman is an Oxford graduate too, a most peculiar girl whom nothing excites, nothing amuses, nothing moves—or so an exasperated fellow undergraduate tells her. She drifts through life unable to make a go of marriage, unable to make a career, unable to do anything much. She is an odd creation, the first essay into fiction of a very young author. His less assured passages may well embarrass him one day. He can comfort himself though with the knowledge that he has a delightfully quirky talent that will surely yield dividends in time.

The Arabian Nightmare, by Robert Irwin, is strictly for fantasy buffs, many of whom have apparently been struggling to obtain a copy since its first limited publication in 1983. A group of travellers arrives in Cairo in 1486, en route for the Holy Land. Among them is Balian of Norwich, commissioned by the French to spy on the Mamluke government. Throw in the Venetian painter Giancristoforo, Fatima the Deathly, the Leper Knight, the Father of Cats, and Shikk the halfman and you have an odyssey into fantasia that is already said to be approaching cult status in Germany and Holland.

Nicholas Best

Colina MacDougall watches the China-watchers

To Peking and beyond

THE LATEST crop of China books updates and illuminates important aspects of the ever-changing People's Republic. As Chairman Mao's rule recedes into history (he died in 1976) and Peking settles into its "open door" policy, foreign writers are steadily able to get a better grasp of Chinese realities. More freedom to travel or work in China, to study Chinese and to harvest the interesting facts from a growing flood of information has made it possible to write increasingly worthwhile books.

Lynn Pan's **The New Chinese Revolution** (Hamish Hamilton, £12.85, 246 pages) is an outstanding example of the new writing on China, and highly enjoyable, too. As a Chinese born in Shanghai and educated in Britain, she writes with authority, explaining the East to the West with a certainty which few Westerners could feel when analysing Chinese cultural or political attitudes. Under headings like "Mao's heirs," "factory and city," "wrongdoers," "couples," she looks at the process of change. This includes ups-and-downs in the contemporary power struggle, the social and economic facts of life, the rural scene and the eagerness of the new artists.

The author writes about what she saw and whom she met, so to that extent it is a kind of travel book. But the historical background, the discussion of, for instance, Hongkong, or the problems of poverty, give it depth.

She lights up the facts with some excellent, drily-told stories. When the Hongkong shipping millionaire, Sir Y. K. Pao, visited his native town of Ningbo in east China, the city library discovered—surprise! surprise!—a genealogy of his family reaching back to the famous 11th century judge, Bao Zheng, and made him a present of an exquisitely bound version. At which, it is alleged, the delighted Sir Y.K. reached for his cheque-book and presented Ningbo with Yuan 50m (around £8m) to build a university.

The new **Who's Who in the People's Republic of China** by W. Bartke (K. G. Saur £115.00, 786 pages) with its 3,000-plus potted biographies provides information of a different kind. For the China-buff this is more than a convenient reference book, though it is certainly that. The change in leadership has been so fast and the numbers involved so large that any guide to who does what is near-priceless.

Where this one scores over other similar (and, it must be said, much cheaper) directories is in the width and detail of its coverage. Writers, artists, scientists, doctors are all included along with officials. Additionally it sheds light by including, where available photographs, plus judicious amounts of family information.

China's younger leaders often seem to appear out of nowhere—Li Tieying, for instance, who in March this year replaced the premier, Zhao Ziyang in a key post, head of the vital Commission for Restructuring the Economy. Li is, it appears, the son of a now-dead founding father of the communist party who became a senior leader in the 1950s, Li Weihan.

Ellis Joffe's book on **The Chinese Army After Mao** (Weidenfeld and Nicolson, £18.00, 210 pages) is an excellent account of power politics and the military's role therein. As he points out, the army is now in retreat from centre stage where it was in the Cultural Revolution. This has helped its growing professionalism, and undermined Mao's theories of "people's war" and the inevitability of a superpower conflict.

In an interesting chapter he looks at China's improving military equipment and the new role played by arms imports and, increasingly, exports. While, as he says, the army has made only modest progress from its 1976 backwardness, the foundation has been laid for China's long term growth as a military power. Even in the short term, this has given it much greater regional military credibility.

While there are other scholarly histories of China's post-1949 economic development Carl Riskin's has the advantage of being right up to date. In **China's Political Economy** (Oxford £35.00—or £12.00 paperback—210 pages) he chronicles the triumphs and disasters of Maoism, but his chapters on the post-Mao era should earn it a place on anyone's China shelf by providing a coherent narrative of a period when Peking seemed to announce a new reform almost every week.

The disappointment is that Prof Riskin, who is well on top of his subject and writes far better than many American scholars, conveys a rather bland picture of China's contemporary economy. His brief is admittedly to write about policy, but more focus on what Chinese officials often leave unsaid would have been helpful.

In **The Status of Tibet: History, Rights and Prospects in International Law** (Wisdom Publications, £19.95, 381 pages), the international lawyer Dr Walt van Praag takes up the question of China's most awkward "autonomous region." He makes a good case for the illegality of China's occupation of Tibet in the 1950s and its colonial-style rule there. The Chinese leadership itself (in the shape of the now-dismissed party boss Hu Yaobang) admitted several years ago that it had made many mistakes.

But Peking's moves to improve the economic situation there are leading to much-increased Chinese immigration into the region, the reverse of what the Tibetans themselves are seeking. The fear is that, like the once-distinctive Manchu and even the Mongolian culture, Tibetan individuality will be swamped forever. Dr van Praag's thoughtful and well-documented book is a sharp reminder to the international community that it has paid little attention to an unhappy people who deserved much better.

Tang portrait of a Lady, unearthed in 1972. It is one of the illustrations in film-maker Peter Yung's "Xiniang: The Silk Road" (Oxford, £19.50), view of a colourful region of China

Finally, light relief. Mark Salzman, a young American, saw a kung fu movie at the age of 13 and his addiction thereafter to daily martial arts practice and walking to school barefoot led him to Yale and a major in Chinese literature. Though he had no real desire to go to China, he needed a job, and fetched up teaching English at the Hunan Medical College in the early 1980s.

He amazed the Chinese with his appearance (tall, blond and blue-eyed), his fluency in their language and his astonishing skill in martial arts. His kung fu adventures revealed a whole dimension of Chinese life which foreigners seldom see. He writes about them in **Iron and Silk** (Hamish Hamilton, £10.95, 211 pages) with wry amusement and much affection.

Voyaging with Cook

JOSEPH BANKS, A LIFE
by Patrick O'Brian. Collins/Harvill. £15.00, 328 pages

THE THREE years of Joseph Banks's life which played the most important role in establishing his fame as a botanist were those which he spent circumnavigating the globe with James Cook, from 1768 to 1771. Long before this voyage, on which he embarked at the age of 25, Banks had developed an interest in the study of plants: during his schooldays at Eton, he demonstrated a strong desire "to know all these productions of nature, in preference to Greek and Latin."

When Banks returned from his travels with Cook, bringing back drawings and live specimens of plants from around the world—in particular, from Tahiti and the hitherto unexplored lands of New Zealand and Australia—he met with tremendous acclaim in European scientific circles. Another voyage to the South Seas was planned, but difficulties in providing sufficient accommodation for Banks's team of botanists and naturalists led to a violent dispute with the Admiralty and the Navy Board. In his anger, Banks withdrew from the expedition.

Although Banks went botanizing in Iceland for a few months just after this contretemps, he soon began to lead a more settled and sedentary existence. In 1778, he was elected President of the Royal Society — a post which he held for the rest of his life, and which required his constant presence in London. Patrick O'Brian expresses some regret at this abandonment of active exploration, and charts the transformation in Banks's life by recording his increasing weight over the years: in 1776 he was still "tolerably slim and youthful," but by 1802 he weighed 17 stone

The chapters which describe the circumnavigation of the globe—and a voyage to Newfoundland and Labrador which preceded it—quote extensively from Banks's journals, written in an engagingly unpunctuated and erratic manner: an amusing coincidence of form and content occurs in a 154-word sentence which describes the tendency of English seeds to grow beyond their proper limits and "Run themselves out in stalk" when planted in the "Strong Vegetable mould" of Croque, in Newfoundland.

Banks emerges from his own writings as a warm-hearted and cheerful character. He describes the inhabitants of Tahiti with great sympathy, expressing his remorse when a Tahitian chief whom he has wrongly accused of stealing a knife bursts into tears.

A striking feature of Banks's accounts of plants and animals is his readiness to consider them from a culinary point of view: in the Pacific, he finds "a large *Sepia* cuttle fish laying on the water just dead but so pulled to peices *[sic]* by the birds that his Species could not be determind; only this I know that of him was made one of the best soups I ever eat."

Patrick O'Brian's biography of Banks is admirably straightforward and free from unsubstantiated speculation. The only aspect of this book which seems slightly disappointing is the virtual absence of any discussion of the intellectual context which allowed travellers such as Cook and Banks to see primitive peoples as objects of interest.

Chloe Chard

Annals of old France

THE FRENCH PEASANTRY 1450-1660
by Emmanuel Le Roy Ladurie, translated by Alan Sheridan. Scolar Press. £42.50, 448 pages

EMMANUEL Le Roy Ladurie gained a wide audience a few years ago with Montaillou, his immensely detailed portrait of a medieval village in southern France in the days of the Cathars. In the original French, the present study formed part of the second volume of a monumental Histoire économique et sociale de la France edited by the late Fernand Braudel and Ernest Labrousse. It lacks the dramatic tensions of Montaillou, but is even more densely detailed, since it covers not just one region of the Languedoc but the developing hexagon as a whole, with comparative references to neighbouring territories such as Germany and Flanders: a pursuit of "total history" in which the historian, drawing on the vast accumulation of postwar research into the subject, must also be ethnographer, economist, statistician, agronomist, with a handful of other disciplines thrown in.

Behind this mass of documentation stands one highly dramatic fact. In 1330, the population had reached nearly 20m: it then fell off steeply so that by 1430 it numbered no more than around 10m; after which there began a process of recovery which, by 1560, had brought it back to 20m, where it remained more or less static until the early 18th century. The chief causes of the dramatic decline to the "floor" of the 1430s are plain enough: recurring wars, famine and pestilence which ravaged not only the towns but the countryside where nine-tenths of the population lived. There were ancillary factors—late marriage, the persistence of primitive agricultural techniques, climactic and ecological changes—with regional variations and contrasts which the author analyses in great detail.

As is normal, grain prices are taken as a basic indicator of the standard of living among the peasantry. Here again, there were variations from one region to another, and among the different classes, from the vast substratum of day-labourers and ploughmen, often living at or below the bare subsistence level, rising to a tiny minority of rich farmers, the equivalent of yeomen or kulaks, at the top; and on top of all these, of course, the possessor class of nobles, clergy and absentee landlords. All these levels are illustrated by an almost bewildering array of statistical graphs and economic data.

Out of this profusion of dry factual detail there does gradually emerge a rounded picture of how the mass of the peasantry lived and worked, what they ate, how they clothed themselves, how they bequeathed their worldly possessions to their descendants.

Erik de Mauny

Irina Ratushinskaya: first public performance since her release

It's all in the telling

Britain's first National Poetry Festival was launched last week. **Jackie Wullschlagër** listens in

DYLAN THOMAS exploited it, Auden (*On the Circuit*) hated it, Larkin refused to do it. Exceptions, of course, are legendary, but by and large poets are only too keen to give their works the public airing of a poetry recital.

It comes as something of a surprise, then, to learn that Poetry Live, launched last week at Waterloo Station, was Britain's first national poetry festival. If the "live" element sounds a bit like a rock concert, that's because this 10-day event was as much a media hype as a celebration of the art.

Consumer spending on poetry stands at £7m a year, but the days of T. S. Eliot's modest aim in publishing verse—to lose as little money as possible—are not quite over, at least not for any but the largest publishers, like Faber. Frankly, the festival organisers— the Poetry Society and the Book Trust—want more people to buy more poetry more often, and if post-reading sales were as strong as they looked, they may well be on to a good thing.

At the best of the showcase readings over the past couple of weeks—and these included some fine alfresco performances at Waterloo and similar venues throughout the country—unexpectedly lively renderings of one or two poems sent listeners out in a flush of enthusiasm to buy a performer's collected works.

Skilled readers of funny verses, like Wendy Cope, whose *Making Cocoa with Kingsley Amis* was a great hit at Waterloo and has already sold 20,000 copies since it came out last year, do particularly well out of this. For what the festival has shown above all is how fragile can be the marriage between poetry and performance, how delicate the knack of getting a poem read at the right moment and in the right setting.

To judge by the different responses at the two major events in London, readings at the Tate Gallery last Saturday and at the Royal Albert Hall on Tuesday, venues are what matter. One was very successful, the other not wholly satisfying. And yet both occasions were international in repertoire and polyphonic in theme, both were compered most professionally—by Alan Brownjohn at the Tate and by Richard Baker at the Albert Hall—and both, in anthologising mood, conceded some unusual associations, as well as an extraordinary range of quality and intensity.

Shades of Ruskin haunted the newly-opened Clore Gallery on Saturday where, along with the Turners, four poets whose work in various ways fosters an appreciation of the visual arts gathered in the New Lecture Theatre.

The first readings, by poet-painters George Szirtes, born in Hungary, and Charles Tomlinson, as English a landscapist as Constable, were enjoyable if a little tense.

Consummate artist, here, though, was John Ashbery, who looked all set to perpetrate a double confidence trick on his enchanted listeners. Slithering in his poems into a tortured self-consciousness (*Self-portrait in a Convex Mirror*), he played on stage the open-faced American executive, while his dead-pan, ironic delivery made one forget, for the moment, that his poems are almost impossible to understand.

I found the jokes slicker, the ideas more accessible, than Ashbery ever is on the page but it was a relief to come in part two of this second double bill upon a subject other than the poet's head or text.

Ivan V. Lalic, a Yugoslavian poet making his English debut, revealed a lyricism quite unlike any home-grown product, as tender in addressing the mosaic in *Joanna of Ravenna* as in cajoling his son, or persuading his wife that sonnets can be built as well in one room as in another.

Philip Larkin's complaint against reading work aloud was that only poems of "instant sound and fury" succeed at first hearing. But no easy emotional kicks were on offer at the Tate, and still this intimate, informal gathering convinced an audience which, on the finest spring afternoon of the year, must surely have had a lot of other temptations.

Less cohesive, unfortunately, was the event at the Albert Hall, which on Tuesday night became a multilingual echo chamber, ringing more than usual with a secondary ripple of mystery and revelation: of originals and their translations.

With eight poets from six countries performing in three hours, this highlight of the festival ended up something of a variety show and was at once too rushed and too long. The most that could be hoped for were fleeting impressions, and these had a cumulative habit of cancelling each other out as the evening progressed.

While the flippant nudged uncomfortably against the heavyweight, and not everyone was to be heard ungarbled, the sheer drama of two double acts carried the day.

The Romanian entertainer Marin Sorescu, who reads to packed football stadiums back home, was clearly not intimidated by the Albert Hall, even though his translater, Paul Muldoon, managed to get lost on stage. No matter, though; flanked by comic cameos from two seasoned British performers, Dannie Abse and U. A. Fanthorpe, these two succeeded in making poem and translation come close to duologue, witty, self-deferential, oddly intriguing.

Worlds away, and via the work of another one-time political prisoner, Wole Soyinka's unpublished *Mandela Cycle*, to the second double act: Irina Ratushinskaya reading, with polished translations from actress Eileen Atkins, from *No, I Am Not Afraid*.

Reviewed in these pages when Ratushinkskaya was still serving a sentence in a Soviet strict regime camp last year, the piercing intensity and obstinate integrity of her vision is powerful even in translation. Read in public on Tuesday for the first time since her release the fine cadences startle over again. Ratushinskaya jolts from emotion to *emotion* ("It isn't true, I am afraid, my darling/ But make it look as though you haven't noticed"), only to assault her own suffering by recourse to an agonised ordinarines, the world suddenly not of dreams but of anoraks and tarpaulin boots.

In vintage Bordeaux **Max Loppert** finds a rare work

Salieri's skill vindicated

THE MOST important event of this year's Mai Musical de Bordeux—inaugurated in 1950 and one of the hardiest of French festivals—was a production of Salieri's *Falstaff (1799)* from Budapest. The nationality of the performance is less surprising than it sounds. It was the Hungarian state record company, Hungaroton, that last year published *Falstaff* as the first complete modern recording of a Salieri opera; Bordeaux, acting on the interest and novelty of the discovery thus provided, assembled substantially the same forces to give the work in the Grand Théâtre (the production team was also Hungarian, though the sets were realised in the Bordeaux theatre workshops).

I reviewed the *Falstaff* records on this page last year, and found a good deal to praise in the whole enterprise. In the beautiful Bordeaux theatre the opera seemed once again a work of considerable accomplishment—provided, of course, that expectations were judiciously adjusted beforehand.

Which meant that comic-opera standards set by Verdi and, in general terms, Mozart had to be put entirely out of mind: *Falstaff ossia le tre burle* ("Falstaff of The Three Pranks") is a two-set *opera buffa* on traditional lines. In it, the contemporary conventions are worked by an expert theatre hand rather than being renewed by an innovator. The parallel of Paisiello's and Rossini's *Barbers*—a good work relegated to the shadows by a later one of genius—can be loosely applied, though Salieri's librettist Defranceschi altered Shakespeare for more than Boito was to do for Verdi.

The numbers are short, separated by *secco* recitative (with *accompagnata* reserved for the tenor Ford). In consequence, while the opera moves lightly and deftly, with much vivacious Italianate singability, nothing is permitted to enagage the audience's involvement too intensely—apart perhaps from Ford's quite impassioned jealousy outbursts. There are many features that the 18th century opera student can point *out—positioning of* ensemble, slenderly colourful scoring, a longer use of paragraph in the Windsor Forest finale—to emphasise Salieri's superior skills (down with *Amadeus*). But by the end of the evening the Historical Interest label was stuck firmly in place.

The cast, mainly Hungarian, managed their duties very well. There were no world-class voices among them, though Jószef Gregor in the title role was apt for both the orotund and the quick-witted aspects of the character, and Marcus Haddock (a young American not heard on the records) showed a personable Ford with a promising way of handling both the pre-Rossinian agility and the high tessitura. Too often the heavy Magyar acents (with "kvi" and "kvesto" a general *falling*) made one conscious by default of the need for highly polished Italian delivery; there was a *surplus of stock buffo* manners on display—the ladies were fearfully charming — which the stock production and scenery (ugly but practicable) matched cliché for cliché. At the first of the two Bordeaux showings Tamás Pál had not fully achieved balance between stage and the Orchestra de Bordeaux-Aquitaine in the pit; as on the record-set, his feeling for the work is evidently both sincere and lively.

★

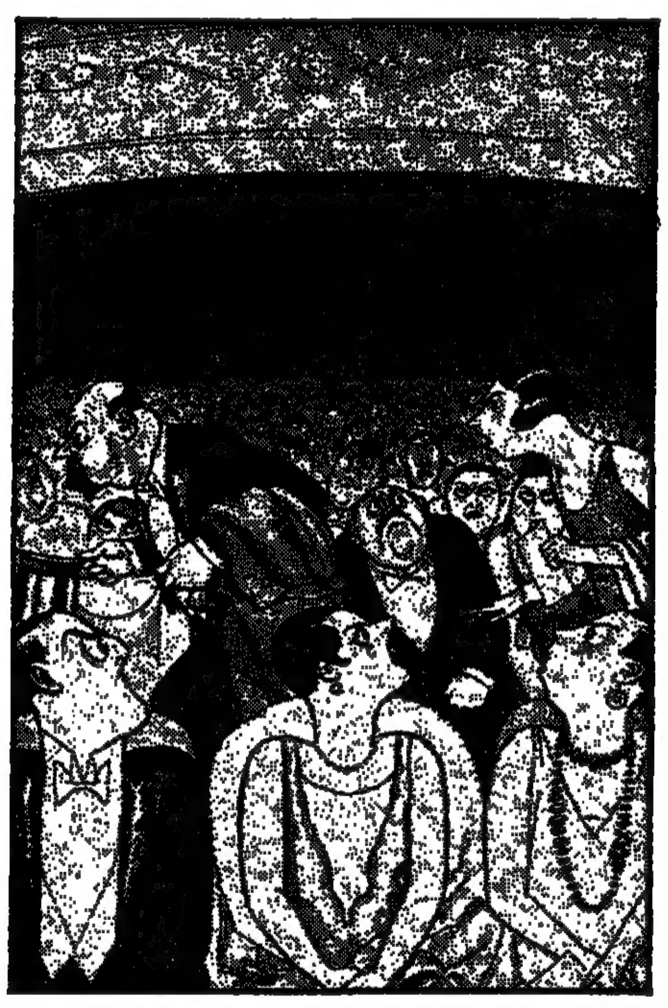
The concert schedule of the Bordeaux Mai Musical tends to show a rather more "local" character, relying more on chance initiative and the supply of grand houses in the vicinity than on a careful combination of interesting programmes and exceptional artists. An opening-weekend visit to La Brède, Montesquieu's chateau, reminded one that the music in famous places risks certain familiar disadvantages; the great library has good acoustics but uncomfortable seating and inadequate ventilation, and both access and egress are a tricky business. Narciso Yepes, still a master of refined tone-colour, and the Enesco Quartet playing Boccherini guitar quintets produced some moderately festive fare. The pleasure of music at the Chateau d'Issan, whose wine *chai* is emptied of barrels to serve as a concert hall, was similarly haphazard.

But a Grand Théâtre concert by the Chamber Orchestra of Norway was rather more of an occasion. The strings, conductorless, attractively youthful, play under the leader Torje Tonnesen with well-mettled ensemble, tone robust but not thick, and engaging enthusiasm —to hear the Grieg *Holberg Suite* played with such heart-and-soul attack is very jolly. In Hindemith's Funeral Music and then in the Mozart Sinfonia Concertante, K364 (alongside Eva Graubin) the viola soloist was the Russian Yury Bashmet. I first encountered him at the 1984 Hungarian Interforum, and thought him then—as I did once more at Bordeaux—quite simply the most astonishing viola virtuoso I had ever heard. Bashmet's ability to infuse the plaintive temperament of his instrument with passion, vibrant colour, and powerful variety of dynamics remains beyond compare. A British solo *tournée* is now seriously overdue.

Jószef Gregor and Júlia Pászthy in "Falstaff"

Chess Solution

Chess No 671 1 R-N3, PxR; 2 Q-KB1, or if BxB; 2 Q-B8, or if QxNP; 2 Q-Q5, or if P-B6; 2 QxNP, or if PxP; 2 QxP(B4), or if [illegible]R7; 2 Q-K4, or if Q-R1; 2 R-K5.



Best of Bateman

"The Couple Who Caught the Last Train"—one of H.M. Bateman's pre-war cartoons, appearing originally in The Tatler. To coincide with the centenary of his birth a book, "The eBst of H.M. Bateman" has just appeared, with an introduction by Mark Boxer from Bodley Head at £10.95, or £5.95 paperback. Aficionados will not only wish to have this but also to visit two exhibitions where hundreds more of his cartoons are on show, one at the National Theatre and the other at the South Bank Centre arranged by the Langton Gallery. Both are open until July 21.

Talking about sex

Radio

Until June 10 there may be a few new aspects to the schedules; but this week, apart from the election talk in the news bulletins, things have been normal.

What has usually been wrong with phone-ins, to my mind, is the inadequacy of the phoners-in. In *The Radio Programme* (Radio 4 on Sundays) there have been others who agree with me. The questions, Beryl Bainbridge said, are so banal, and the way they are couched is ridiculous. People treat it as a soap-box, Roger McGough thought. But they were speaking of everyday phone-ins, not programmes like *It's Your World*, once more taking up the slot that in my world would be devoted to *The Food Programme*, before lunch on Sundays.

I was unable to hear Dr Gro Harlem Brundtland, speaking in defence of the environment, who began the new series; but last Sunday Dr Hans Blix, Director-General of the International Atomic Energy Agency spoke about the pros and cons of atomic energy, and I listened with unflagging interest.

There was still too often a question that became a speech, though chairman Sue MacGregor kept order pretty well, and made things clear that might not have been clear without help. Inevitably, too many questions were about Chernobyl, arguing from the particular to the general; but interesting points were raised from all over the globe, and they were interestingly dealt with.

Twentieth Century Sex (Tuesday on Radio 4) had no need of the incidental music its producer, Peter Everett, gave it; it was as gripping as the title promised. The approach, in the first of six programmes, was made from the practioner's point of view; we had a series of short quotes (many more from girls than boys) about what they knew, what they did, and how they found out. They began about 1939, when "We were never told anything." "We didn't have the words," a mother recalled. The war brought more discussion as well as more practice ("The men on the whole used French letters, if they were nice men"); but as late as 1950 a newspaper insisted that parents, not schools, should impart the facts of life.

Was pop music an influence? "I was in love with a lead guitarist," a 16-year-old said, "but we couldn't do it on a park bench, so he went away, and I did it with a strange Italian and then I just went on doing it." I loved the 15-year-old schoolboy who was asked "Do you want to know about the positions?" "Well, it would be helpful," he said. There are, we were told, fewer pregnant teenagers than 10 years ago, but a high rate of teenage abortion. This programme ought to be repeated on Radio 1.

Pillars of Islam (Radio 4, Sunday) seemed to me a potentially important programme. It should go to more than two parts; there are Muslims around us wherever we go, and few of us know much about their doctrines and beliefs, save what we gather from Middle East disputes. Brian Redhead (who did a solid job on the Bible lately) uses an anecdotal approach to Islam. How many of us know that Mohammad flew to Jerusalem on a winged mule?

I had hoped to learn something of the principles of Islamic Fundamentalism from Ian McDougall's talk on Radio 3 on Tuesday, the second in his series on *Aspects of Egypt*. He dealt with the extent to which the resurgence of Islamic Fundamentalism affects a westernised nation like Egypt; but to dissect the religious element in such a context would have been no more apt than to analyse Communism in an account of current affairs in the USSR, so in that respect I was disappointed.

B. A. Young

Sibelius explored

Records

THERE IS, in record-company parlance, a race of beings called "recording artists," implying as I understand it, performers whose finest qualities are only revealed in the seclusion of the studio, and who are able to preserve or and even enhance the freshness of their interpretations under such conditions. The notion seems to me dubious and artificial, but there's no doubt the Viktoria Mullova who has been heard frequently in London is not at all the same violinist who appears so vividly on a new coupling of the Sibelius and Chaikovsky concertos with the Boston Symphony Orchestra and Seiji Ozawa (Philips 416 821).

In the concert hall Mullova has seemed remote and intimidating, communicating very little through her technically flawless playing. A little of that austerity remains in the Chaikovsky (it would be interesting to discover which concerto was recorded first), where more warmth and affection could sometimes be welcomed, but the Sibelius is very different. It is hard to think of a more comprehensive and penetrating account on record since the performance by Ginette Neveu 42 years ago.

The steel which seemed the primary characteristic of Mullova's approach in concert gives her lines perfect focus, without a hint of cheap romantic veneer. Certainly she does not lavish elaborate rubato on the [illegible] but keep the rhythms tightly sprung and keenly expressive. For those who might have regarded the Concerto as a sport in the Sibelius canon, a creation fashioned from altogether less worthy and enduring stuff than the symphonies, Mullova will provide the necessary corrective.

It is a rich time for collectors of Sibelius on CD, with Scandinavian labels exploring all the byways of his output, and significant new symphonic cycles appearing from Ashkenazy and Rattle. The latest instalment of Rattle's set with the City of Birmingham Symphony couples the Third and Seventh Symphonies (CDC 7 476 20 2) and arguably improves upon the already high standard of the series. The orchestral playing is predictably first rate with a big dynamic range and a good deal of fine-grained pianissimo string tone, and both symphonies are set out on the grand scale: monumentally organic in the Seventh, its first flowering achieved after an intensely wrought, deliberate ascent, and steadily paced in the Third with the slow movement clearly signalled as the emotional centre of gravity. Recent concert performances by Rattle and the CBSO of the Fourth and Sixth (the next coupling for release) suggest that, when completed, this cycle will be a substantial achievement.

Neeme Järvi's Sibelius survey with the Gothenburg Symphony is now colonising arcane territory indeed. The latest disc (BIS/Conifer CD-134) includes only one work that could reasonably be described as familiar, the sombre *Origin of Fire* for baritone and the chorus from the period of the Second Symphony the remainder — choral songs and patriotic effusions including a version of *Finlandia* that introduces a chorus towards the close — are for the Sibelius specialist rather than the uncommitted. Yet each is fascinating in its own way, and the performances, with the baritone Sauli Tiilikainen and the Laulun Ystävät Male Chorus, are appropriately full-blooded.

A more mainstream compilation of Sibelius tone poems has been transferred to CD by EMI. Paavo Berglund's account of *Tapiola* with the Philharmonia Orchestra is remarkable for its control and longe-range architecture, though *Lemminkainen's Return*, fierce, urgent, is the highlight, and distinguished by its vivid orchestral playing. The rest of the selection is predictable—*Finlandia, The Swan of Tuonela, Valse Triste*—but it remains a most attractive disc (CDC 7 47484 2).

In the continued absence of any sign of a new enthusiasm for Nielsen, Unicorn-Kanchana's decision to release its recordings of the symphonies under Ole Schmidt from the early 1970s is timely. They fit nicely onto three discs (UK CD 2000/1/2), and the sound is clean and lucid. Schmidt is not the most characterful Nielsen conductor —comparing his account of the Fourth with, say, those of Von Karajan or Rattle soon reveals his literalness, but nothing he does makes the performances unacceptable, and those of the Second and Sixth symphonies in particular are models of clear-headed restraint. The orchestral playing dates back to a good LSO vintage, and in the absence of competition the discs more than hold their own.

Semyon Bychkov's London concerts have not yet revealed all the reasons for his high esteem on the Continent, and his close collaboration with the Berlin Philharmonic in particular. One of the fruits of that collaboration is to be a cycle of the Shostakovich symphonies for Philips and it begins with an excitable, though not consistently exciting version of the Fifth (420 069). Bychkov aims for a high degree of characterisation, predominantly fast tempi, and ensnares himself with problems of integration in the finale, so the final product seems less a triumph of symphonic integration than of the ability of a conductor to make a muscular (the BPO caught with far less opulence than usual) episodic frieze out of the four-movement scheme.

Transfers of the Fourteenth and Fifteenth Symphonies from Bernard Haitink's Shostakovich cycle not only brings the arguably finest recordings of each work into the CD fold (though I still have misgivings about use of the multi-lingual text for the Fourteenth), but also two substantial songcycles as makeweights, which previously appeared coupled with other symphonies in LP form. The Six Poems of Marina Tsvetayeva combined with the Fourteenth (Decca 417 514-2), are profound, moving settings even if Ortrun Wenkel's performance is not as sensitive as one might ideally wish. But they are not conceived on the same scale as *From Jewish Poetry*, which appears with the Fifteenth (417 581-2) and in many ways prefigures the sharp etched vignettes of the Fourteenth Symphony and which contains some of the direct and affecting vocal music Shostakovich wrote. For these songs Wenkel is joined by Elisabeth Södöerström and the tenor Ryszard Karcykowski, in accounts that are as cogent and pointful as the music itself.

Andrew Clements

WEEKEND FT

• SPORT •

Soccer: Philip Coggan and Brian Bollen analyse prospects for to-day's English and Scottish FA Finals

Coventry are set to win their Spurs

THE BOOKIES have had no problems in deciding the favourites for today's FA Cup Final between Tottenham Hotspur and Coventry City. League positions, history, experience, player-for-player comparison and the fact that Spurs have never lost at Wembley all point to the London club as the overwhelming winners, writes **Philip Coggan.**

There is even a spurious statistical justification — Spurs won the cup in 1961, 1962 and 1967, and so far this decade have won it in 1981 and 1982. Add that to the wide spaces of Wembley, which will give Spurs ideal playing conditions, plus the phenomenal scoring powers of Clive Allen and what looks like the last appearance by Glenn Hoddle in a Tottenham shirt, and the pro-Spurs argument looks unanswerable.

But throw away your logic books and put a fiver on the Midlands club. I tipped Coventry to win the cup two months ago, since when their thrilling semi-final win over Leeds has reinforced my hunch. Although Coventry were surprisingly suspect at the back that day, despite the brilliance of keeper Ogrizovic, their inventiveness at the front was refreshing, with the rock-solid Regis backed by the sharpness of Houchen and the skill of Bennett.

Coventry have never before appeared at Wembley, and for much of the past 20 years have maintained their First Division status only by desperate scrambles in the last few games of the season. But this year they have put together a side which plays as a unit, not a collection of individuals.

In contrast, Tottenham can still on occasions look more like an All-Stars XI in a benefit match than a team that play together every week. As manager David Pleat's record at Luton suggested, Spurs have kept their attacking flair at the front, but also their occasional creakiness at the back. Their form in the weeks leading up to the final has been patchy—the 4-0 thrashing of Manchester United being preceded by a 2-0 defeat at Nottingham Forest.

Coventry, however, come to the final on a splendid run that includes a 1-0 defeat of Liverpool which effectively cost the Anfield club the League championship. They beat Spurs 4-3 earlier in the season and are a highly respectable 10th in the League, with a better home

record than their London rivals.

If—and it is a big if—the Coventry defence can close down Clive Allen, then all the midfield flair and dash of Spurs will result in a lot of possession but few clear chances. As the game goes on, Tottenham will throw more and more into the attack and Coventry's speed on the break could bring them the winning goal.

However, the biggest factor behind my belief in a Coventry victory is the smile that luck grants to certain teams in certain years. In the past six seasons, the Cup has been won by big name teams—Spurs and Manchester United twice each, Everton and Liverpool. You have to go back to West Ham in 1980 for the last real surprise.

But the 1970s threw up a fair share of shocks—Sunderland's victory over Leeds in 1973, Southampton's over Manchester United in 1976—and it is about time for a repeat.

Thus the Sky Blues get my vote; and for those who like to bet on the score, it is worth noting that there hasn't been a 2-1 result for 10 years.

Brian Bollen adds: The Scottish and English FA finals take place on the same day, but similarities end there. A Barnet v Enfield final at Wembley would attract 100,000 fans, such is the glamour and tradition of the event. But today's Scottish game between St Mirren and Dundee United will do well to attract 50,000, although the gate could be boosted by United's progress to the UEFA Cup final.

A recurring complaint concerns the tackiness of the Scottish final, which is not helped by the condition of the national stadium. Several years into a refurbishment programme, the approaches to Glasgow's Hampden Park and its spartan facilities still appall rather than inspire.

This could explain why there is seldom even a minor Royal in attendance, with the trophy presented instead by some anonymous biddy in a twin set and blue rinse.

It is almost impossible to engender a sense of real occasion, but the match should be a good one. There will seldom be a better chance for these clubs to lift the Scottish Cup, for this is only the 15th final this century not to feature Rangers or Celtic.

St Mirren have won the cup twice in five final appearances, while Dundee Utd have never won in three final attempts. Both teams are currently good cup competitors, Dundee Utd have beaten Barcelona and Borussia Münchengladbach in Europe, and have had their share of domestic cup luck this season.

They equalised with a last-minute penalty against lowly Forfar in the quarter-final, and Forfar missed from the spot twice inside a minute in the replay when the score was still 0-0. St Mirren are nobody's mugs. They qualified for their sixth final by ousting Hearts, the earlier conquerors of Celtic.

I'm tipping Dundee Utd, although the match is awkwardly sandwiched between the two legs of the UEFA final. With seasoned European and international campaigners like David Narey in defence, and Paul Sturrock up front, they have so much more experience.

But they will have to watch out for St Mirren centre-forward Frank McGarvey, once of Liverpool. A wunderkind who never quite made it, he was last at Hampden for a cup final two years, in his final match for Celtic. He scored the winner—against Dundee Utd.

Rugby: John Kitching previews the inaugural World Cup, which starts next week

The highly profitable pursuit of excellence

SOME SAID it could never happen; others that it *shouldn't.* But for better or worse, rugby union is on the brink of its first World Cup. Starting next Friday, 16 leading rugby countries — excluding South Africa—will take part in the knock-out competition in New Zealand and Australia.

For fans from the British Isles, the Cup follows a home championship marred by violence. Many who criticise the new tournament will be saying the game has already become too competitive and that there is too much "psyching-up" of players, with too much at stake.

At the highest level, such critics will claim, it is an amateur game that has become professional in all but money.

On the other hand, those in favour of the Cup will be saying that the tournament is the natural—and welcome—product of progress in the game: from regional and county cups, through merit tables and divisional trials, to internationals and Lion's tours. It is part of the pursuit of excellence.

One thing is certain: rugby union is now a serious business. But it wasn't always like that, even at the top levels. Fewer than 20 years ago, amusing stories were still emerging from the otherwise tense atmosphere of international games.

Tony O'Reilly, the legendary Irish three-quarter, tells of the time he turned up at Twickenham without either shorts or bootlaces. The Rugby Union supplied the former but were out of laces; so, 10 minutes before kick-off, O'Reilly wandered into the England dressing room where Eric Evans, the captain, was standing on a table giving a stern address to his team.

O'Reilly pushed his way to the front and said: "Excuse me, but has anyone got some hairy twine for my boots?"

It is impossible to imagine that happening before, say, this year's ill-temepered England-Wales game: or, indeed, in the dressing-room before any of the World Cup games.

Rugby is not only a serious business these days; it is also big business. The game is played in more than 100 countries and sponsorship is an increasingly important factor. In the inaugural World Cup, the 16 countries from five continents will take part in 32 matches over four weeks.

Countries have been divided into groups of four and will play in a round-robin tournament, with the leaders of each group advancing to the quarter-finals. Thereafter, the knockout principle will apply. Australia will host the semi-finals, and the final will take place in New Zealand.

Financially, the tournament is expected to be a great success, according to Patrick Nally of West Nally, which is in charge of marketing the event. Nally cut his professional teeth on the 1978 and 1982 soccer World Cups. He says rugby's Cup should make a profit of about £6.5m. The organisers have already banked £3m, and a gross income of £7.5m is expected. Staging the tournament will cost about £1m.

Sponsorship should provide £3m and television £1m. Rank Xerox, one of the biggest sponsors, is providing a total of £550,000 in cash and equipment. The other major sponsors come chiefly from Australia, New Zealand and Japan.

Forty per cent of the profit will go to the host countries, 50 per cent to the other 14 competing nations, and the rest will be reserved for setting up a professional International Board organisation.

At one stage, there were rumours—fuelled by a long silence from the organisers—that the event was running into financial difficulties. John Kendall-Carpenter, a distinguished former England international and chairman of the organising committee, has made no attempt to disguise the fact that there have been difficulties. He says: "Rugby has grown up. We thought we were the greatest, but rugby proved to be pretty small beer in attracting high-level finance."

He talks of the organisers "learning the hard way."

Nally confirms Kendall-Carpenter's view. "The problem we have faced is that there has never been a rugby World Cup before. There were no ground rules. One of our earliest problems was the difficulty of structuring an event in two completely different countries separated by the 1,200 miles of the Tasman Sea.

"Only last November did Japan announce that they were happy with the arrangements as they related to amateurism, and 60 per cent of our commercial revenue will come from Japan. It is not yet a truly world event. We have strong pockets where there is a great interest in the game, but awareness of rugby in, for example, North America is limited."

What of prospects for the Cup? Rugby is still very much a tale of two hemispheres: the talented and durable teams of New Zealand and Australia against the less talented and less durable northern hemisphere sides.

There are few UK players of genuine world class, but only the most cynical would say there are none. England's Wade Dooley and Steve Bainbridge are capable of playing New Zealand at their own game, as is Bob Norster of Wales.

Ireland will sorely miss Nigel Carr, their world-class flanker; he was so badly hurt in the recent IRA bomb blast that killed Lord Justice Gibson that he has had to withdraw.

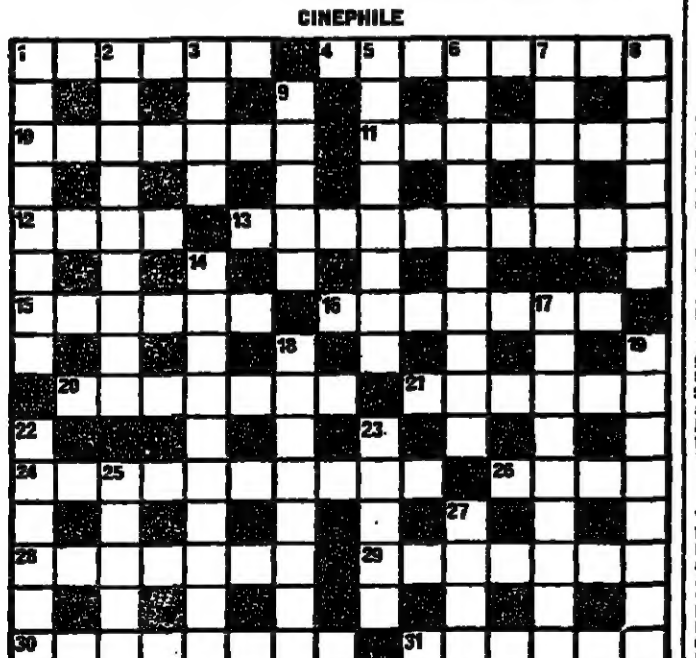
Europe's best prospect must be France. They have forwards such as Garuet, Dubroca, Condom, Erbani and Champ who can play a southern hemisphere game, plus backs of pace and power. We might see them in the semi-finals.

But when the final is played at Eden Park, Auckland, on June 20, the 47,000 spectators there and the millions watching television are expected to see a match between New Zealand and Australia.

If that proves the case, it will be yet another indication of the decline of the game in British schools — particularly state schools—and of the gulf that exists at club level between coaching in Europe and Australasia.

FT CROSSWORD PUZZLE No. 6,328

CINEPHILE



Prizes of £10 each for the first five correct solutions opened. Solutions, to be received by next Thursday, marked Crossword on the envelope, to The Financial Times, 10 Cannon Street, London EC4P 4BY. Solution next Saturday.

The first letter of each solution (other than 1 across and 1 down) is the same as the last letter of the preceding solution. To compensate for this considerable help, clues are harder than usual.

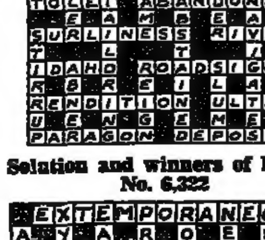
ACROSS

1 Messy model's messy method (6)
4 Deface label on lily (8)
10 Goodish quantity in back with headless cat (4, 3)
11 It rattles round the world (7)
12 Invasion would make a female frightened (4)
13 Younger branch's argument? (10)
15 Preceding transport is hell (6)
16 View of Duns (on the Edinburgh line?) (7)
20 In money that is a rotten lot (7)
21 Poles lose moisture in nap (6)
24 Membranes of the heart: add in a core, possibly (10)
26 Adds sound to cut (4)
28 Part of serial letter is poem (7)
29 Take it lying down, roughly attired (3, 4)
30 Island of value? (8)
31 Predecessor of first alternative (6)
18 Double entendre? Amen! (4, 4)
19 Watch theatrical consumer (8)
22 Stand-in with park (6)
23 Dressed ready for bed? (5)
25 Take car on way to house (5)
27 A case of free tuition (4)

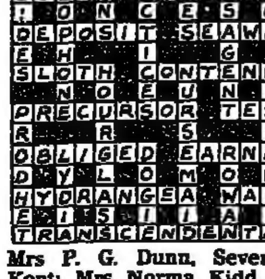
DOWN

1 Heater takes moisture from various things (8)
2 Make girl cease from vandalism? (9)
3 Measure a girl (4)
5 Fat cat reformed in creation (8)
6 Bearing given to the French sailor (10)
7 Hurry to succeed may arouse . . . (3, 2)
8 . . . one's apprehension (6)
9 Bare for landing (5)
14 Dog can turn up with bills after a fight (10)
17 Xiphias the fighting drunkard? (9)

Solution to Puzzle No. 6,327



Solution and winners of Puzzle No. 6,322



Mrs P. G. Dunn, Sevenoaks, Kent; Mrs Norma Kidd, Mastrick, Aberdeen; Dr T. Symes, London, SE17; Mr F. B. Harrison, Seaview, Isle of Wight; Mr L. M. Keet, London, N1.

SATURDAY — TELEVISION AND RADIO

† Indicates programme in black and white

BBC 1

8.30 am Family-ness. 8.35 Dogtanian and the Three Muskehounds. 9.00 It's Wicked! 10.30 Film: "Carry On Teacher," starring Kenneth Connor, Charles Hawtrey, Leslie Phillips, Joan Sims, Kenneth Williams and Hattie Jacques. 11.57 Weather. 12.00 Grandstand, featuring FA Cup Final: Coventry City v Tottenham Hotspur, from Wembley. Commentary by Jimmy Hill and John Motson, kick-off 3.00 pm. Reports from the Scottish Cup Final between St Mirren and Dundee United at 5.00. 5.15 The Pink Panther Show. 5.35 News. 5.45 Regional programmes. 5.50 Oliver Twist. 6.20 Film: "Brannigan," starring John Wayne, Richard Attenborough and Judy Geeson. 8.10 Bob Says Opportunity Knocks. 9.00 News and Sport. 9.15 Cagney and Lacey. 10.05 Monty Python's Flying Circus. 10.35 Match of the Day. 11.20 American Basketball. 12.10 am Matt Houston.

BBC 2

2.20 pm Chess Classic. 2.50 Film: "The Divorce of Lady X," starring Laurence Olivier, Merle Oberon and Ralph Richardson. †4.20 Film: "Pride and Prejudice," with Laurence Olivier and Greer Garson. 6.15 Animal Crackers. 6.55 When in Spain. 7.20 Newsview. 8.00 Live from the Brighton Festival: Finnish Radio Symphony Orchestra conducted by Jukka-Pekka Saraste, with autist James Galway, part 1: Sibelius (Symphony No. 6) and Nielsen (Flute Concerto) (855 Interval); 9.15 part 2: Sibelius (Symphony No. 5) (broadcast simultaneously on Radio 3). 10.05 A Dorothy L. Sayers Mystery. 10.55 Did You See . . . ? 11.40-1.30 pm Film: "Butterfield 8," starring Elizabeth Taylor and Laurence Harvey.

LONDON

6.55 am TV-am Breakfast Programme. 9.25 Get Fresh. 11.30 Terrahawks. 12.00 News. 12.05 pm FA Cup Final—Coventry City v Tottenham Hotspur, from Wembley, presented by Saint and Greavsie, Brian Moore, Ron Atkinson, Jimmy Tarbuck and Gloria Hunniford. 12.10 Saint and Greavsie Special. 12.40 Tarby and Friends and Rivals. 12.45 Wrestling. 1.10 Bell's Scotch Whisky Manager of the Year. 1.20 Moore's Memories. 1.35 Wembley '87—The Teams Arrive. 2.10 Chas and Dave's Knees-up. 2.15 Tarbuck's "Sky Blues" v The Tottenham "Frostspurs." 2.45 Abide With Me. 2.50 Here They Come. 3.00 Kick Off. 3.45 Half-time. 3.55 Second Half. 4.40 Final Whistle. (In the event of extra time being played, programmes will be re-scheduled as follows: 5.45 News. 5.50 Walt Disney Presents. 6.00 The Grumbleweeds Show. 6.30 ALF.) 5.15 News. 5.20 The Grumbleweeds Show. 5.50 ALF. 6.15 The A-Team. 7.00 The Birthday Show. 7.45 The Price is Right. 8.45 News and Sport. 9.00 CATS Eyes. 10.00 Parkinson One-to-one with Jack Lemmon and Walter Matthau. 10.45 LWT News Headlines, followed by Movie Premiere: "Policewoman Centrefold." 12.35 am Devil's Lake Concert (Rita Coolidge in concert).

CHANNEL 4

9.25 am Pets in Particular. 9.50 4 What It's Worth. 10.20 The Living Body. 10.45 The World—A Television History. 11.15 The Life and Times of Lord Mountbatten. 12.15 pm Isaura the Slave Girl. 12.55 World of Animation. †1.10 "Soldiers Three," starring Stewart Granger, Robert Newton and Cyril Cusack. †2.55 "The Phantom of the Opera," starring Lon Chaney. †4.20 "The Wild Stallion." 5.05 Brookside Omnibus. 6.00 Right to Reply. 6.30 Ourselves and Other Animals. 7.00 News Summary, followed by The Gods of War. 7.30 A Car for Africa. 9.00 Lost Belongings. 10.00 "The Runner Stumbles," starring Dick van Dyke. 12.00 Don't Miss Wax. 12.50 am "The Chant of Jimmie Blacksmith."

S4C WALES

11.00 am A Week in Politics. 11.45 What The Papers Say. 12.00 The Making of Britain. 12.30 pm A Passage to Britain. †1.00 Feature Film: "Holy Matrimony" starring Gracie Fields and Monty Woolley. 2.45 Pel-Droed. 4.50 World of Animation. 6.00 Candle in the Wind. 6.00 Right to Reply. 6.30 Listening Eye. 7.00 The March of Time. 7.30 Newyddion. 7.50 Cymar Pwy? 8.20 Elinor Ac Emili. 9.05 Y Mass Crwarae. 9.55 Sioe Siarad III: Ieith Ar Daith. 10.10 E.R. 10.40 Ask Dr Ruth. 11.05 Truffaut Season: "Les Deux Anglaises et le Continent" (Anne and Muriel).

IBA Regions as London except at the following times:—

ANGLIA

12.30 am Paraguayan Praise.

CENTRAL

5.20 pm The A-Team. 6.05 Alf. 6.30 The Grumbleweeds Show. 12.30 am Prisoner Cell Block H. 1.30 "The Sell-out" starring Richard Widmark and Oliver Reed. 3.25 Rock of the Seventies: Atomic Rooster. 3.55 Central News Closedown followed by Central Jobfinder '87.

CHANNEL

11.59 am Today's Weather. 12.30 am Talk Talk "Live."

GRAMPIAN

12.05 pm Feature Film—"Raid on Entebbe" starring Charles Bronson, Peter Finch, Horst Buchholz and John Saxon. 2.30 The Scottish Cup Final (also featuring highlights from the FA Cup Final at Wembley). 12.30 am Reflections.

GRANADA

5.20 pm A.L.F. 5.45 The A Team. 6.30 The Grumbleweeds Show. 12.30 am Boxing from Australia.

HTV

11.57 am HTV News.

SCOTTISH

12.05 pm Feature Film: "Raid on Entebbe." 2.30 Scottish Cup Final. 12.30 am Late Call.

TSW

11.57 am TSW News. 5.20 TSW News. 5.22 Walt Disney Presents. 5.30 The Grumbleweeds Show. 6.00 Blockbusters. 6.35 A.L.F. 12.30 am Postscript.

TVS

11.57 am TVS Weather. 12.30 pm Talk Talk Live. 1.30 Company.

TYNE TEES

5.20 pm A.L.F. 5.45 The A-Team. 6.30 The Grumbleweeds Show. 12.30 am Poetry of the People.

ULSTER

11.58 am Lunchtime. 5.18 pm Ulster News. 5.20 A.L.F. 5.45 The Fall Guy. 6.30 The Grumbleweeds Show. 8.57 Ulster News. 12.25 am Sports Results. 12.30 News at Bedtime.

YORKSHIRE

5.20 pm A.L.F. 5.45 The A-Team. 6.30 The Grumbleweeds Show. 12.30 am The Saturday Late Film: "The Sell-out." 2.25 Jobfinder.

Stereo on VHF

BBC RADIO 2

8.05 am David Jacobs. 10.00 Sounds Of The 60s. 11.00 Album Time. 1.00 pm The News Huddlines. 1.30 Cup Final Sport On 2: Football, FA Cup Final: Coventry v Tottenham. Scottish Cup Final: Dundee Utd v St Mirren; Cricket, Benson & Hedges Cup scores and Sussex v Pakistan; Motor Racing (Final practice for tomorrow's Belgian Grand Prix): 5.00 Sports Report. 6.00 Pop Score. 6.30 Old Stagers. 7.00 The Press Gang. 7.30 Concert Classics. 9.30 String Sound. 10.05 Martin Kelner. 12.05 am Night Owls with Dave Gelly. 1.00 Steve Madden presents "Nightride." 3.00-4.00 A Little Night Music.

BBC RADIO 3

7.00 am News. 7.05 Aubade. 9.00 News. 9.05 Record Review. 10.15 Stereo Release. 11.15 Chicago Symphony Orchestra conducted by Michael Tilson Thomas: Ives (Holidays Symphony): (12.00 Interval reading): 12.05 pm Bartok (3 Village Scenes), Schumann (Symphony No 3). 1.00 News. 1.05 Early String Quartet. 1.55 Czech Piano Music. 3.00 Haydn's Symphony No 69 and Nielsen's 6th played by the BBC Welsh SO. 3.55 Nelli Shkolnikova and Ian Brown. 5.00 Jazz Record Requests. 5.45 Critics' Forum. 6.35 The English Echoes. (7.10 Interval Reading). 8.00 Brighton Festival 1987 (simultaneous broadcast with BBC 2) Part 1: Sibelius (Symphony No 6), Nielsen (Flute Concerto). 8.55 A Musical Friend. 9.15 Brighton Festival, part 2: Sibelius (Symphony No 5). 9.55 City of Light. 10.15 Timothy Hugh (cello) with Kathron Sturrock (piano). 10.50 Another World (music from India). 11.57-12.00 News.

BBC RADIO 4

7.00 am Today. 9.00 News. 9.05 Sport On 4. 9.30 Breakaway. 10.00 News: Loose Ends. 11.00 The Week in Westminster. 11.25 From Our Own Correspondent. 11.55 The Weekend On 4. 12.00 News: Money Box. 12.27 pm Just A Minute. 12.55 Weather. 1.00 News. 1.10 Any Questions? 1.55 Shipping forecast. 2.00 News: Alistair Cooke's American Collection. 2.30 The Afternoon Play (S). 4.00 News: International Assignment. 4.30 Science Now. 5.00 The Living World. 5.25 Week Ending. 5.50 Shipping forecast. 5.55 Weather: Travel. 6.00 News: Sports round-up. 6.25 Stop the Week with Robert Robinson (S). 7.00 Saturday Night Theatre (S). 8.30 Baker's Dozen (S). 9.30 Thriller. 9.50 Ten To Ten (S). 9.58 Weather. 10.00 News. 10.15 The Saturday Feature (S). 10.45 Flashback. 11.00 The Wordsmith of Grasmere (S). 11.30 The Party Party (S). 12.00-12.15 am News.

SUNDAY

† Indicates programme in black and white

BBC 1

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Sian Phillips in When Reason Sleeps: C4, 9.10 pm

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